

JOURNAL OF THE AMERICAN BANKERS ASSOCIATION

ISSUED THE TENTH OF EACH MONTH
11 PINE STREET, NEW YORK, N.Y.

SUBSCRIPTION ONE DOLLAR A YEAR.

Entered as second-class matter, May 5, 1909, at the Post Office at New York, N. Y.,
under the Act of March 3, 1879.

VOL. 4.

NOVEMBER, 1911.

No. 5

OFFICERS AMERICAN BANKERS ASSOCIATION, 1910-1911.

PRESIDENT:

F. O. WATTS, President First National Bank Nashville, Tenn.

FIRST VICE-PRESIDENT:

WILLIAM LIVINGSTONE, Pres. Dime Sav. Bank, Detroit, Mich.

CHAIRMAN EXECUTIVE COUNCIL:

CHARLES H. HUTTIG, Pres. Third Nat. Bank, St. Louis, Mo.

GENERAL SECRETARY:

FRED. B. FARNSWORTH, Eleven Pine Street, New York City.

TREASURER:

ARTHUR REYNOLDS, Pres. Des Moines Nat. Bank, Des Moines, Ia.

ASSISTANT SECRETARY:

WILLIAM G. FITZWILSON, Eleven Pine Street, New York City.

GENERAL COUNSEL:

THOMAS B. PATON, Eleven Pine Street, New York City.

MANAGER PROTECTIVE DEPARTMENT:

L. W. GAMMON, Eleven Pine Street, New York City.

OUR CONVENTION.

THE New Orleans committees of bankers, to whom is entrusted the arrangements for the entertainment of the Thirty-seventh Annual Convention of the American Bankers Association, November 20th-24th, reports the completion of details which will insure successful Association meetings, Section and Committee meetings, as well as a variety of entertainments characteristic of Southern hospitality, which will appeal to the delegates and guests, and not interfere with the business sessions.

The inauguration of special trains for the past two or three years to the conventions has been followed this year by many more special trains than ever before, and from all parts of the United States—from as remote points as the Pacific coast, where special arrangements have been made for the transportation of those who will attend the convention.

There are many advantages in this plan other than that of economy in rates. The bankers are enabled to get closer to each other socially on special trains; they travel with much more comfort, and that it is a popular movement is evinced by the fact that the attendance at New Orleans promises to be larger than that of any other convention ever held; unless it be the one at Chicago in 1909.

The interest in the conventions is much enhanced by the fact that the business sessions for the larger part are for the discussion of banking and currency legislation, the bankers at this time being greatly interested in this subject.

The programs of the various meetings follow. They are as complete as possible at this period, and are subject to change.

BUSINESS SESSIONS OF THE ASSOCIATION.

At the Athenaeum.

(Subject to change by vote of the Executive Council or by vote of the Convention.)

The hours indicated in this program will be strictly observed.

Executive Council, Vice-Presidents and Honorary Guests are invited to take seats on the platform.

Tuesday, November 21, 1911.

First Day's Session.

Convention called to order at 10 o'clock a. m. sharp by the President, F. O. Watts.

Invocation by Most Reverend James H. Blenk, Archbishop, Catholic Archdiocese of New Orleans.

Addresses of welcome: Hon. J. Y. Sanders, Governor of Louisiana; Hon. Martin Behrmann, Mayor of New Orleans; R. M. Walmsley, President New Orleans Clearing House Section.

Response to addresses of welcome: Hon. Myron T. Herrick, Chairman Society for Savings, Cleveland, Ohio.

Annual address of the President: F. O. Watts, Nashville, Tenn.

Annual report of the General Secretary: Fred E. Farnsworth, New York City.

Annual report of the Treasurer: Arthur Reynolds, Des Moines, Iowa.

Appointment of Auditing Committee by the President.

Annual report of the General Counsel: Thomas B. Paton, New York City.

Annual report of the Executive Council: C. H. Huttig, Chairman, St. Louis, Mo.

Amendments to Constitution: Reported out from Executive Council by C. H. Huttig, Chairman.

Annual report of the Standing Protective Committee: Fred. E. Farnsworth, Secretary.

Eleven-Thirty O'Clock.

Address by the Hon. Nelson W. Aldrich, President National Monetary Commission, "The Proposed Monetary Plan."

Announcements.

Recess for luncheon.

The following addresses will be delivered at the Tuesday afternoon session and the morning and afternoon sessions of Wednesday:

Mr. Paul M. Warburg, of Kuhn, Loeb & Co., New York, "Circulating Credits."

Mr. F. J. Wade, President Mercantile Trust Company, St. Louis, Mo., "Benefits of the Reserve Association to the Trans-Mississippi States."

Mr. F. H. Goff, President Cleveland Trust Company, Cleveland, Ohio, "Relation of the State Banks, Savings Banks and Trust Companies to the National Reserve Association."

Mr. Geo. M. Reynolds, President Continental and Commercial National Bank, Chicago, Ill., "Rediscounts and Book Credits."

Mr. Jas. B. Forgan, President First National Bank, Chicago, Ill., "The Mobilization and Control of the Reserves of the Country."

Mr. Jacob Gould Schurman, President of Cornell University, subject to be selected.

Mr. Benjamin Strong, Jr., Vice-President Bankers Trust Company, New York City, "Interest Rates, Earnings, Dividends and Taxation."

Hon. L. P. Padgett, Columbia, Tenn., "Keeping the National Reserve Association Apart from Partisan Politics and Special Control."

Mr. Jos. G. Brown, President Citizens National Bank, Raleigh, N. C., "The Needs of the Farm and its Benefits from the National Reserve Association."

Mr. C. Stuart Patterson, President Western Savings Fund Society, Philadelphia, Pa., "Benefits from the National Reserve Association to the Manufacturer and Laborer."

Hon. Arsene P. Pujo, M. C., Lake Charles, La., "Benefits of the National Reserve Association to the Country as a Whole."

Mr. Frank B. Anderson, President Bank of California, N. A., San Francisco, Cal., "Relation of the National Reserve Association to Foreign Trade and Banks and the World's Financial Center."

Friday, November 24, 1911.

Third Day's Session.

Convention called to order at 10 o'clock a. m. sharp by the President, F. O. Watts.

Invocation by Rev. I. L. Leucht, Rabbi Touro Synagogue.

Invitations for next convention.

Reports of Sections: Trust Company, Savings Bank, Clearing House, American Institute of Banking, State Secretaries.

Reports of Committees: Currency Commission, J. B. Forgan, Vice-Chairman; Law, Pierre Jay, Chairman; Federal Legislative, Arthur Reynolds, Chairman; Bills of Lading, Clay H. Hollister, Chairman; Express Companies and Money-Orders, Joseph Chapman, Jr., Chairman.

Announcements.

Recess for luncheon.

Afternoon Session.

Two O'Clock.

Reports of Committees: Fidelity Bonds and Burglary Insurance, John L. Hamilton, Chairman; Forms for National and State Banks, John M. Miller, Jr., Chairman.

Unfinished business.

Communications from Executive Council.

Resolutions.

Report of Committee on Nominations.

Action on same.

Installation of officers.

Announcements.

Adjournment.

THURSDAY, NOVEMBER 23, 1911.

Savings Bank Section.

Program of the Annual Meeting at The St. Charles Hotel (Music Room) New Orleans.

ORDER OF PROCEEDINGS.

9.30 A. M.

Invocation—Rev. Robert S. Coupland, D.D., Rector of Trinity Church, New Orleans, La.

Greetings—G. Ad. Blaffer, Vice-President Commercial Germana Bank & Savings Bank, New Orleans, La.

President's Address—Edward L. Robinson, Vice-President Eutaw Savings Bank, Baltimore, Md.

Report of Executive Committee—R. C. Stephenson, Vice-President St. Joseph County Savings Bank, South Bend, Indiana.

Report of Secretary—Wm. H. Kniffin, Jr., Eleven Pine Street, New York.

Report of Law Committee—Lucius Teter, Chairman, President Chicago Savings Bank & Trust Co., Chicago, Illinois.

Report of Membership Committee—Myron T. Herrick, Chairman, Society for Savings, Cleveland, Ohio.

Report of Committee on Methods and Systems—Charles E. Sprague, Chairman, President Union Dime Savings Bank, New York.

Address, "The Ethics of the Savings Bank"—William E. Knox, Comptroller, Bowery Savings Bank, New York.

Address, "Banks and Bankers; Their Ways and By-Ways as They Appear to Jack Lafalence"—J. J. McLoughlin, Attorney, New Orleans, La.

Address, "Departmental Banking Laws—Regulation and Segregation"—J. F. Sartori, President Security Savings Bank, Los Angeles, Cal.

Address, "The Public and the Savings Bank Idea"—

E. St. Elmo Lewis, Advertising Manager, Burroughs Adding Machine Co., Detroit, Mich.
Address "Efficiency of Supervision,"—Hon. A. B. Chapin, Bank Commissioner, Boston, Mass.
Symposium, "The Internal Audit of a Savings Bank"
—Conducted by Mr. Chapin.

Business Session—12.30.

Report of Nominating Committee.

Elections—

President,

First Vice-President,

Three members of Executive Committee to serve three years,

State Vice-Presidents.

Installation of Officers.

Adjournment at 1 o'clock.

Meeting of the Executive Committee immediately after adjournment.

THURSDAY, NOVEMBER 23, 1911.

Clearing House Section.

Program of the Annual Meeting at
The St. Charles Hotel (Banquet Hall A),
New Orleans.

ORDER OF PROCEEDINGS.

9.30 A. M.

Call to Order—President E. R. Fancher.

Invocation—Rev. John F. Prim, Rector Mater Dolorosa, Catholic Church, New Orleans.

Roll Call.

Address of Welcome—Charles Godchaux, President Whitney-Central National Bank and Vice-President New Orleans Clearing House Association.

Response to Address of Welcome—

Annual Address of the President—E. R. Fancher.

Annual Report Executive Committee—Ralph Van Vechten, Chairman.

Annual Report Secretary—Fred. E. Farnsworth.

Action on Recommendations Embodied in Above Reports.

Address—"The Business of a Commercial Bank and How to Safeguard the Investment of its Funds," Jos. B. Martindale, President Chemical National Bank, New York.

Address—"Co-operation Between Clearing House Association and State Banking Department," H. M. Zimmermann, Detroit, Mich., President National Association of Supervisors of State Banks.

Address—"The Work of the Clearing House Examiner," John W. Wilson, Clearing House Examiner of Los Angeles, Cal.

Discussion of the Above Subject.

Address—"The Advantages of Handling Country Checks Through Clearing Houses in Natural Collecting Centers," C. R. McKay, First National Bank, Chicago.

Discussion of the Numerical Transit System—Led by Members of the Numerical Committee.

Nominations and Elections for

President,

Vice-President,

To Members of Executive Committee.

Call of Cities Represented.

Questions.

Installation of Officers Elected.
Adjournment.

Immediately on adjournment the Executive Committee will meet for the purpose of electing its Chairman and Secretary of the Section.

THURSDAY, NOVEMBER 23, 1911.

State Secretaries Section.

(Organization of Secretaries of State Bankers Associations.)

Organized November 13, 1902.

Program of the Annual Meeting at
The St. Charles Hotel (Parlor)
New Orleans.

ORDER OF PROCEEDINGS.

9.30 A. M.

Meeting Called to Order by the President.

Invocation—Rev. George H. Cornelson, Jr., Pastor First Presbyterian Church, New Orleans.

Roll Call.

Regrets.

Address of Welcome—L. O. Broussard, Secretary Louisiana Bankers Association, Abbeville.

Response to Address of Welcome—William J. Henry, New York City, Secretary New York State Bankers Association.

President's Address—W. F. Keyser.

Report of the Secretary and Treasurer—Fred. E. Farnsworth.

Address, "The Development of Our Mutual Interests"—Raymond B. Cox, Baltimore, Md., President American Institute of Banking.

Address, "Modern Methods of Protecting Banks"—W. J. Burns, of the W. J. Burns National Detective Agency.

Address—"The Organization's Possibilities as a Section of the American Bankers Association," Preston T. Slayback, Denver, Secretary Colorado Bankers Association.

Address—Mrs. Helen M. Brown, Detroit, Mich., Secretary Michigan Bankers Association.

Address, "Banking Legislation in Alabama and How the Association Prepared and Passed It"—McLane Tilton, Jr., Pell City, Secretary Alabama Bankers Association.

Address, "Ladies' Meetings at State Conventions"—W. W. Bowman, Topeka, Secretary Kansas Bankers Association.

Address, "The Publishing of a Daily Registration List for State Meetings"—L. P. Hillyer, Macon, Secretary Georgia Bankers Association.

General Discussion.

Unfinished Business.

New Business.

Election and Installation of Officers.

Adjournment.

Topics for General Discussion.

1. Proper Functions of a Bankers Association:

(a) Limitations.

(b) True Objectives.

(c) Keeping on the Track.

(d) Keeping Off the Grass.

2. Reciprocal Relations Between Bankers Associations.

3. The Every-day Service of the Secretary.
4. Closer Relationship Between State Associations and the A. B. A.
5. Continuity of Convention Dates.

Adjournment at 1.30 for luncheon at the St. Charles Hotel.

(For Program of Trust Company Section, see page 286.)

ENTERTAINMENT.

Monday, November 20.

Afternoon: Visit by the bankers to the city waterworks plant, in special street cars, which will start from the neutral ground on Canal and Camp streets, at 3 p. m., and at short intervals thereafter.

Evening: Executive Council Banquet, tendered by the bankers of New Orleans in the banquet hall of the Hotel Grunewald (tenth floor) at 7.30 p. m.

Ladies to be entertained same evening at a special reception and musicale to be given at the St. Charles Hotel at 8 p. m.

Tuesday, November 21.

Evening: Reception at the Country Club at 8 p. m. and Fete Champetre at City Park, where the Club is located. Fireworks and illuminations in the park and on the lakes.

Tickets in Unimatic Booklet will admit visitors to Country Club.

Wednesday, November 22.

Afternoon: Automobile rides throughout the city for the ladies. These will be available at the ladies' entrance of the St. Charles Hotel, on Common street, at 2 p. m.

Polo game at Audubon Park at 4 p. m.

Evening: Reception and invitation ball to be given at French Opera House, on Bourbon street, at 8 p. m.

Dancing at 9 p. m.

Tickets for ball in Unimatic Booklet.

Thursday, November 23.

Afternoon: Visiting the harbor and excursion by three boats to Kenilworth Sugar Plantation below the city, where the grinding of cane will be in operation. Boats will start from head of Canal street at 3 p. m., returning about 7 p. m. Lunch will be served on board the boats.

Tickets for boat ride in Unimatic Booklet.

Evening: Third annual dinner of the Council Club, at the St. Charles Hotel.

To be left open to enable local bankers to entertain visiting delegates, their friends and others.

Friday, November 24.

Evening: Gala performance to be given at the French Opera House, on Bourbon street, at 8 p. m.

The Unimatic Booklet will contain tickets, which can be exchanged for reserved seats at the box office of the French Opera House, at Werlein's Music Store, 605-9 Canal street.

The four following Theatres:

Tulane—"Get Rich Quick Wallingford."

Crescent—"The Goose Girl."

Orpheum—Vaudeville.

Dauphine—Robert Mantell in Repertoire.

will entertain visiting delegates. Cards in the Unimatic Booklet must be exchanged at the box office of the Theatres named for reserved seat tickets.

Saturday, November 25.

Departure of the bankers and parties taking the round trip to Panama.

NATIONAL ASSOCIATION OF SUPERVISORS OF STATE BANKS.

THE tenth annual convention of this Association will be held at the Progressive Union Rooms, New Orleans, November 20-22, 1911. Registration at headquarters—The New Monteleone Hotel.

The topics of the addresses and discussions will cover many features pertinent to the banking interests of the country.

The supervisors in attendance at the meeting will participate in the entertainment provided for the members of the American Bankers Association.

AGRICULTURAL AND VOCATIONAL EDUCATION.

ONE of the important meetings to be held in New Orleans will be that of the delegates appointed by the various State Associations to discuss improved agricultural methods, better farm life conditions, and an education in agricultural development and domestic science. This meeting will be held at the St. Charles Hotel in the Convention Hall, Thursday evening, November 23d, at 8 o'clock. All bankers interested in this important subject are invited to be present.

REDUCED RATES TO THE CONVENTION.

In the October issue of the Journal-Bulletin full information received up to that time from the various Passenger Associations concerning reduced rates were published. Subsequent data has been received as follows:

Central States—Central Passenger Association: Tickets will be sold from November 16 to 20, 1911, inclusive, except that from Buffalo, Pittsburgh and a few other stations located in the eastern portion of this territory, tickets will be sold November 15 to November 20, 1911, inclusive.

Chicago West—Western Passenger Association: An open rate of two cents per mile in each direction to Chicago, Peoria and St. Louis added to the fare tendered therefrom as follows: Chicago \$26.65, Peoria \$25.05, St. Louis \$22.40. Date of sale, November 16 to 20, inclusive. Return limit November 30, within which original starting point must be reached.

Extended Return Limit—By deposit of ticket by original purchaser in person with Mr. Joseph Richardson, Special Agent at New Orleans, not later than 12 o'clock at noon of November 30, and payment of fee of \$1 at the time of deposit the extension of final limit may be obtained to reach the original starting point not later than December 26, 1911; extension to be made by means of extension certificate.

Stop-Overs—Will be permitted on either the going or return trip, or both, at regular winter tourists' stop-over points, under certain conditions, full details of which can be ascertained from the local railroad agent.

Location of Special Agency—The Special Agency will be conducted in the name of Mr. Joseph Richardson, special agent, and will be located at 708 Common street, New Orleans, La. Office hours of the special agent will be 8 a. m. to 7.30 p. m. week days, and

8 a. m. to 10 a. m. and 3 p. m. to 5 p. m. Sundays and daily to and including December 26, 1911.

Form of Ticket—The Standard Form S with Modification No. 2 to be used; tickets to be validated by agent of terminal line at New Orleans.

New England—New England Passenger Association:

(See October Journal-Bulletin under the item "Reduced Railroad Rates to the Convention," New York and the East—Trunk Line Association). The New England Passenger Association has advised that reduced rates have been authorized on the same basis as the Trunk Line Association (except the Eastern Steamship and Main Steamship Companies and the Bangor & Aroostook Railroad), except in connection with variable route tickets, and through fares from New England will be made on regular fares to New York or Albany, except from Boston the fare via Albany is not to exceed \$6 higher than New York; via differential lines proportionate differentials will apply. For detailed fares members are referred to their local ticket agents. Conditions as to limits, extensions, stop-overs, etc., are the same as the Trunk Line Association.

RESOLUTIONS.

As provided for in Article VII, Section 1, of the Constitution of the American Bankers Association, the following resolutions have been filed with the General Secretary:

Offered by Emory W. Clark, Vice-President First National Bank, Detroit, Mich.:

"Each member of the Association can be represented by one delegate, as per the Constitution, and such delegate is authorized to bring one guest, if a member of his family, or some one connected with his bank; any other guest is required to pay twenty-five dollars for the privileges of the Convention."

Offered by Robert D. Kent, President of Merchants' Bank of Passaic, Passaic, N. J.:

Whereas, it is the general practice of the National Banks of Central Reserve cities to pay a uniform rate of interest throughout the year to other banks in the country, regardless of whether money is plentiful and cheap, or in great scarcity; thus ignoring the law of supply and demand; therefore, be it Resolved, That the subject be given careful consideration by this Association, through a committee or otherwise, to determine whether or not such practice adversely affects to any considerable extent, the business interests of the country; and if it is determined that it does so affect them, that the result of such consideration be submitted to the Clearing House Associations of the Central cities.

PROPOSED AMENDMENTS TO CONSTITUTION.

(Notice to members in pursuance of Art. X, Sec. 1 of Constitution.)

ART. II, SEC. 1: MEMBERSHIP.

Submitted by Emory W. Clark, Vice-President of First National Bank, Detroit, Michigan.

Resolved, That Section 1 of Article 2 shall be changed to read as follows:

"Any National or State Bank, Trust Company, Savings Bank, Private Bank or Banking firm with a banking office, doing a deposit and discount business, may become a member of this Association upon the payment of such annual dues as shall be provided by the By-Laws, and

may send one delegate to the annual meetings of the Association; and any member may be expelled from the Association upon a vote of two-thirds of the Executive Council."

ART. II, SECTION 2, AND ART. III, SEC. 2: INSTITUTE CHAIRMEN—CONDITIONS OF INELIGIBILITY.

Submitted by Fred. E. Farnsworth, General Secretary.

Amend Article II, Section 2, which provides:

"Each delegate shall be an officer or director or trustee of the institution represented, or a member of a banking firm, or a private banker, or a member of the State Secretaries' Section."

so as to read as follows:

Sec. 2. Each delegate representing a member shall be an officer or director or trustee of the institution represented, or a member of a banking firm, or a private banker. The Chairman of the Executive Council of the American Institute of Banking and each member of the State Secretaries' Section shall also be delegates.

Explanation: The main object of the proposed amendment is to include among the delegates the Chairman of the Executive Council of the American Institute of Banking, so that he may have a seat and vote on the floor of the Convention and also to qualify him for membership on the Executive Council of the Association, when not a bank officer, by making him a delegate. A secondary object is to draw more clearly the distinction between delegates who represent the members defined in Section 1 and delegates who do not represent members, namely, the Institute Chairman and the members of the State Secretaries' Section. To this end the latter class have been made the subject of a separate sentence and the words "representing a member" have been inserted after "each delegate" in the first sentence; the inserted words also serving the purpose of making more clear what is now inferential that the "member of a banking firm or a private banker" who is a delegate, must represent a member.

Amend Article III, Section 2, by changing the first sentence of the next to last paragraph of said section to read:

"To be eligible a member of the Executive Council must be a delegate as defined in Section 2 of Article II."

and also by adding at the end of said paragraph the following:

"But the conditions of ineligibility herein provided shall not apply to the Chairman of the Executive Council of the American Institute of Banking, nor to the President of the Organization of Secretaries of State Bankers Associations, known as the State Secretaries' Section."

Explanation: The Constitution provides that to be eligible a member of the Executive Council must be a delegate as defined in Sections 1 and 2 of Article II. Section 1 of the Constitution merely defines the membership of the Association who may send delegates, and Section 2 defines the qualifications of the delegates. The reference to Section 1 is unnecessary to define the delegate in any case and it is particularly inapplicable to the President of the State Secretaries' Section, as well as to the Chairman of the Executive Council of the Institute. It is, therefore, proposed to eliminate it.

The conditions which make a member of the Executive Council ineligible (1) removal from State of election, (2) cessation of membership of bank which he represents, (3) ceasing to be a bank officer, do not apply in the nature of things to the Institute Chairman, nor to the President of the State Secretaries' Section, and the proposed addition to the next to last paragraph of Section 2 expressly states such non-application.

ART. III, SEC. 2: MEMBER FROM DISTRICT OF COLUMBIA.

Submitted by E. R. Gurney, John J. Sherman, Geo. W. Rogers, Committee.

October 6, 1911.

To the Executive Council of the American Bankers Association:

Your Committee appointed at the Nashville meeting of the Council held last May and by your action continued to the present time, and whom you have authorized and instructed to prepare and present an amendment to the Constitution of the American Bankers Association for submission at the next annual meeting of the Association, offer the following amendments:

Amend Article III by adding at the end of Section 2 (a): "Except that there shall be one member from the District of Columbia, irrespective of number of members." Also amend Article III, Section 3 A by adding at the end thereof: "The provisions of this sub-section shall apply to the District of Columbia equally as to a State having one hundred or more members of the American Bankers Association."

We have carefully considered the matter and believe that the amendments should be adopted and we so recommend.

We desire to thank Thomas B. Paton for his valuable assistance in this matter.

Very respectfully submitted,

E. R. Gurney,
John J. Sherman,
Geo. W. Rogers.

To Fred. E. Farnsworth, General Secretary.
New York City.

ART. III, SEC. 2: EXECUTIVE COUNCIL.

Submitted by F. O. Watts, Nashville, Tenn., President American Bankers Association.

Be it resolved, That Section 2, Article 3, of the Constitution of this Association be amended by adding a clause to be known as clause "d" and reading as follows:

"There shall be selected six members of the Executive Council from the membership at large, the nomination and election to be made in the same manner as herein provided for the President of the Association. The election of 1911 shall be for two of the increased membership herein provided and two each year thereafter until the whole number of six shall be elected."

ART. III, SEC. 2: OFFICERS.

Submitted by C. H. McNider, President First National Bank, Mason City, Iowa.

Resolved, That the following amendment to the Constitution be adopted, effective in 1913: That the last paragraph of Section 2 of Article III of the Constitution of the American Bankers Association be amended by prefixing thereto the following:

"No officer of the Association, except the General Secretary, Assistant Secretary and General Counsel shall succeed himself in office, or be elected to any office in the Association until two years shall have expired after his having held such office in the Association."
and by eliminating from said paragraph the words "retiring President or Vice-President or".

ART. IV, SEC. 6: COMMITTEES.

Submitted by F. O. Watts, Nashville, Tenn., President of the American Bankers Association.

Be it resolved, That the last sentence of the first clause of Section 6, Article IV, of the Constitution of the American Bankers Association, be dropped from the Constitution, and in lieu thereof a new clause to the same section be added, to be known as Clause 4, and to read as follows:

"Nothing in the section shall impair the right of any convention to create committees and of naming the membership in the resolution creating or continuing them or of specifically delegating such authority to the presiding officer."

ART. IV, SEC. 1: COMMITTEES.

Submitted by William George, President Old Second National Bank, Aurora, Ill., for Committee on Resolution Pertaining to Finance Committee.

The following report and resolution were adopted by the Executive Council at its meeting in Nashville, May 3, 1911, and have been filed with the General Secretary as an amendment to the Constitution:

Mr. George:—At the Executive Council meeting held May 4, 1910, at Atlantic City, the resolution under which the Finance Committee is working was discussed, and the final action of the Council appointed Messrs. Curtiss of Boston, Huttig of Missouri, and George of Illinois, to take up the question and present a solution of it at the next meeting of the Council. At the Council meeting in Los Angeles on October 3rd, a tentative draft of an amendment was presented, and further time given the committee.

Your committee recommends that the resolution passed by this Council, and under which our present Finance Committee is acting, be repealed, and that the following resolution be adopted:

Resolved, That a Committee of nine members of the Executive Council be appointed by the Administrative Committee, to be known as the Finance Committee, one of whom the said Administrative Committee shall appoint as Chairman. Said Finance Committee shall meet at least one day in advance of the Executive Council meetings, and then and there receive all requests in writing for appropriations of moneys and shall present a budget to the next meeting of the Executive Council of the amounts available and the amounts of their recommendations on all applications for moneys for the use of Sections, Committees, Salaries or appropriations of any sum or sums, together with such other recommenda-

tions as they may believe the business of the Association may require.

Said Finance Committee shall receive the report of the auditors employed by the Association, and present it to the Executive Council with such criticism as they shall see fit to make.

Your Committee also files the foregoing with the General Secretary, as a proposed amendment to the Constitution, that he may submit it to the Executive Council and bring it before the next annual convention under the regular order of business, as provided in Section 1, Article 10, of the Constitution.

ART. II, SECS. 1 AND 2; ART. III, SEC. 2, AND
ART. IX, SEC. 1: INVESTMENT
BANKERS' SECTION.

Submitted by the Continental and Commercial Trust
and Savings Bank, Chicago, Ill.

Amend Article II, Section 1, by inserting after the words "banking firm" the words "and any branch or investment department of a member"; and by inserting after the word "By-Laws" the words "and in case of investment bankers and investment departments of members, upon approval of application as provided in Article IX, Section 1 (e)."

Amend Article II, Section 2, by inserting after the words "private bankers" the words "or the manager of a branch or investment department member."

Amend Article III, Section 2, by adding at the end of paragraph (c): "and the President of the Investment Bankers' Section."

Amend Article IX, Section 1, by changing the paragraph (e) in said Section to (f) and by inserting immediately after paragraph (d) the following:

"(e)" An Investment Bankers Section whose membership shall be confined to investment bankers and investment departments of National, State, Savings and private banks and trust companies who are members of the American Bankers Association. All applications for membership in this Section shall be submitted to a Membership Committee of five appointed by said Investment Bankers' Section. Applications being duly approved by a majority of this Committee, shall be submitted to the Administrative Committee of the American Bankers' Association and when duly approved by them the applicants shall become members of the American Bankers' Association and of the Investment Bankers' Section.

The scope of the work of this Section shall

embrace all matters of interest and advantage to the investment banker and shall aim to provide protection to the banker and the public against the manipulation and marketing of undesirable securities, and the making of a broader and better market for all good securities.

Nomination for Vice-President and Delegate appointed to serve on general Nominating Committee, and certified by the Secretary of the Indiana Bankers Association.

For Vice-President, John A. Thompson, President The Thompson Bank, Edinburg, Ind.; for Nominating Committee, A. G. Lupton, President Blackford County Bank, Hartford City, Ind.

TOUR TO CUBA.

A STEAMER leaves New Orleans for Cuba at 10 o'clock on Saturday morning, November 25th, arriving at Havana at 7 o'clock Monday morning, November 27th.

That day and the following one will be spent in Havana visiting points of interest in and about the city.

A special train equipped with vestibuled Pullman and observation cars will be used for the trip through the Island, leaving Havana for Mantanza at 8.15 o'clock Wednesday morning, November 29th, and the entire day will be devoted to visiting the Bellamar Caves, the Yumuri Valley and the Hermitage of Monserrate. The train leaves Mantanza for Camaguey at 10 o'clock Thursday morning, November 30th, stopping en route for noonday lunch and evening dinner; leave for Santiago at 2 o'clock Friday afternoon December 1st, stopping en route for evening dinner and arriving at Santiago at 9 p. m. Saturday, December 2d, will be spent in visiting the battlefields of Santiago, and the harbor.

On the return trip from Santiago to Havana stops will be made at Santa Clara and side trips made to Cienfuegos and the sugar mills of Providencia. The steamer arrives back at New Orleans on the afternoon of Thursday, December 7th.

The cost of the tour is \$185, which include all expenses for the entire tour of twelve days.

Further information may be obtained by communicating with Bartlett Tours Company, 501 Gerke Building, Cincinnati, Ohio.



TRUST COMPANY SECTION



THE sixteenth annual meeting of the Trust Company Section will be held in the Convention Hall on the second floor of the St. Charles Hotel, New Orleans, on Thursday, November 23d. It is expected to hold two sessions, the first to be called to order at 10 a. m., and the second immediately after a short adjournment for lunch.

The following program has been arranged:
Meeting to be called to order by the President of the Section at 10 a. m.

Prayer by Rev. Wm. Alexander Barr, Rector Trinity Church.

Address of Welcome, on behalf of Louisiana and the city of New Orleans, by Hon. Jared Y. Sanders, Governor of Louisiana.

Address of Welcome, on behalf of the Trust Companies of Louisiana by Lynn H. Dinkins, President Interstate Trust & Banking Company.

Reply to Addresses of Welcome and Annual Address of the President, by Oliver C. Fuller.

Report of the Executive Committee, by F. H. Fries, Chairman.

Report of the Secretary, by Philip S. Babcock.

Report of the Committee on Protective Laws, by Lynn H. Dinkins, Chairman.

Address, "The Relation of the Trust Company to the Lawyer," Marquis Eaton, Chicago, Illinois.

Address, "Registration of Commercial Paper," Fred I. Kent, Vice-President Bankers Trust Company, New York City.

Address, "The Protector of Property," A. A. Jackson, Vice-President Girard Trust Company, Philadelphia, Pa.

Report of Committee on Legislation, by Oliver C. Fuller, Chairman.

General Discussion.

Roll-Call of States, to be answered by the Vice-President of the Section in brief written reports dealing with the history of the Trust Companies in the several States during the preceding year, and with the conditions under which they are now operating, and other matters of interest now pertaining to them.

(Vice-Presidents may be heard from in brief addresses amplifying or explaining any topics contained in their reports by giving previous notice of their intention to the Secretary.)

Election and installation of officers.

Unfinished business.

The Committee on Legislation, appointed at the spring meeting of the Executive Committee, held meetings in New York on October 10th and 11th, to consider the report to be made at the New Orleans meeting.

The sub-committee of the National Monetary Commission is now holding hearings in several cities throughout the country, the basis of discussion being, as stated by the Commission, the "Tentative plan presented to the Monetary Commission by Senator Aldrich, as amended by the American Bankers Association."

The Committee also will hear those wishing to discuss amendments to the National banking law permitting National banks outside reserve cities to make loans on real estate; to make acceptances up to half their capital, and to establish savings banks departments, and to enable them to do forms of business now permitted only to trust companies.

These are matters which so vitally concern trust companies in all parts of the country that it is intended to devote a large part of the time at the coming meeting to their discussion and it is hoped that members attending this meeting will be ready to express their views relative thereto.

"Trust Company Forms."

The selections cover all departments of the trust company, and it is believed offer practical "forms" for carrying out all of the various banking and trust functions which may fall to the lot of an active company.

The selected forms have been reproduced by photographic process (one-half the original dimensions), bound in full morocco, leather lining, gilt edges, in handsome and durable shape—11x14 inches in size—and are for sale to members of the Association for \$15 each, and to non-members at \$20. Some 550 different forms have been reproduced, making a book of 145 pages, fully indexed. Subscriptions may be sent to P. S. Babcock, Secretary Trust Company Section, 11 Pine Street, New York, who will forward book prepaid at once.

Special Notice.

It is felt that it will be of much value and interest to the members of the Trust Company Section to have collected in the Secretary's office samples of advertising matter used by trust companies throughout the country, such as pamphlets, booklets, newspapers, advertisements, etc. Members are therefore requested to send to the Secretary, at 11 Pine Street, such advertising matter as they may be using at this time so that they can be arranged in books or filing cabinets and be open to the inspection of trust company members who may call at the Secretary's office in New York.



SAVINGS BANK SECTION

THE PROTECTIVE DEPARTMENT AND THE SAVINGS BANK SECTION.

CRIMES against savings banks are not of frequent occurrence. The operations of these institutions being largely in cash and over their own counters, the opportunities for the check raiser, the forger and the account manipulator are not many. To withdraw funds from a savings bank necessitates, as a rule, the ability to write the proper signature off-hand and also to answer the test questions correctly and without exciting suspicion. A perusal of the cases affecting savings banks in any of the states where such institutions have become a prominent factor in the financial affairs will demonstrate that the majority of cases have arisen because of disputed ownership and not because of crime.

However this may be, the savings bank, with its thousands of pass books outstanding, belonging to those with whom the bank has little or no personal acquaintance, and in many cases belonging to foreigners whose identity is not easily established, is ever open to fraudulent payment upon the supposition that payment is being made to the proper person.

It is a rule of law that savings banks must show due care in making payment, by-laws to the contrary notwithstanding. What is due care depends upon the circumstances attending the transaction. And with due care and no suspicion, the bank will be protected in its payment. Nevertheless they sometimes "get caught." It is our present purpose to review such a case (of recent occurrence) and to show wherein membership in the Savings Bank Section is valuable from the standpoint of protection against fraud.

On July 6, 1911, Mr. "D. V.," a Roumanian, had \$236 on deposit with the Blank Savings Bank of New York State, a member of the Savings Bank Section of the American Bankers Association. On the morning of that day a man presented the pass book and asked for \$185. The teller did not know "D. V." but made out the withdrawal slip and asked him to sign it, which he did. It was unlike the authorized signature, and the teller asked him to write it again, and the second signature was worse. He wrote it a third time, with better success, and the teller paid him the money. (This inability to write a correct signature should have prompted extreme caution and all test questions should have been asked and properly and unhesitatingly an-

swered). It was discovered several days later that John Doe, a room-mate of "D. V.," was missing from his boarding house and upon opening his trunk, "D. V." found that his pass book was gone and notified the bank accordingly. The transaction was then discovered to be a forgery and the Protective Department of the American Bankers Association was called in and the William J. Burns National Detective Agency placed in charge of the case. The proposition was to find the missing boarder, a forger, upon whom rested the suspicion of having taken the book and impersonated "D. V." A general description of him was obtained, one of the main features being two gold teeth. "John Doe" was traced from place to place in Pennsylvania and Ohio through his name, and when finally located was working in a large mill, but turned out to be another man of the same name and general appearance but who had no gold teeth. Thereupon another trail was picked up. The John Doe wanted for the crime evidently became suspicious that he was being followed and changed his name several times, but foolishly went back to the place he had formerly worked. Enlisting the cooperation of the local police, and some of his fellow countrymen, through the medium of a telegram and a messenger boy on a bicycle, the detective finally located him at a boarding house in a factory town in Pennsylvania where he was arrested and made a full confession.

The case was reported on August 28th; the criminal was apprehended on September 8th and on October 2d he was sentenced to the Elmira Reformatory for an indeterminate period. The total cost of the capture was over \$125, and the bank's membership cost it just ten dollars a year.

Of course, the conviction of the man does not recover the money; the bank no doubt stands to lose this on account of lack of care in payment; but the fact remains that a rather dangerous criminal has been safely stowed away for a few years. Such men can more easily operate against savings banks because of the simplicity of passing themselves off for fellow countrymen and one such has met a quick punishment. This is but one of three crimes (and the one involving the least money) that have been successfully run down during the past summer, very much to the satisfaction of the banks interested and also to the Association. Such work amply demonstrates the value of membership in the Savings Bank Section. The other cases will be reviewed from time to time in this department.



CLEARING HOUSE SECTION



THE NUMERICAL SYSTEM.

THE Numerical System of the American Bankers Association has been described in these columns on two former occasions, and should, by this time, be fairly well understood, but we find from letters and inquiries that come to our notice, that this is not so. In the first place it might be well to recount briefly the method which was used in numbering the banks and to correct some misapprehensions which have appeared.

The reserve cities were numbered consecutively according to population, and the Clearing House banks in these cities numbered with their clearing house numbers. Non-clearing banks were numbered according to seniority. The States were numbered geographically rather than with respect to the number of banks within their borders. The reason for this is obvious: it is possible by this method to easily determine the sectional group of the State by the prefix, for example: 54 would be an Eastern State 83 a Southwestern. The advantage of this will be shown later. The numbering of the individual banks presented the greatest difficulty. Banks in cities containing more than one bank are numbered in relative order as to population of the cities, the smaller numbers being assigned to the banks in the order of seniority. Where two or more banks were organized the same year, the smaller number has been given to the bank having the largest deposits; where there was only one bank in a town the banks were numbered according to the alphabetical order of the town.

Much of the above explanation has appeared in the original pamphlet describing the system, and we repeat it only to show that the system was not devised to show the seniority, size, or importance of any bank. The method of numbering followed by the committee was adopted after much careful thought and was based on the theory that the largest banks pay the greatest number of checks and should have, therefore, for the sake of convenience, the identification number containing the fewest figures.

There is also some confusion as to the operation of the system. An idea seems to prevail that "using" the system means printing the number on the check and endorsement stamps. This is only the first step, although it is the most important. Just as soon as every transit item has on its face and back an identifying number, the plan will reach its maximum of efficiency and will appeal at once to every banker. Putting the system in operation consists of the use of the numbers appearing on the checks in describing "where payable" and recording endorsements. It is not necessary to have the "key" containing the num-

bers to obtain benefits from the system, nor is it necessary to memorize any numbers. The banks in the collection centers will, of course, need the key, but the small country banker need have but little use for it, especially since the numbers are now appearing in the regular bank directories. Experience in actual transit work has shown that with the exception of analysis operations reference is made to transit records of about one check in a thousand. An adding machine has already been perfected which, with the Numerical System, reduces transit work to a minimum. The use of the machines is not necessary, however, to the success of the plan.

As to analysis work, this is to be said. The system was planned for future as well as present needs, and it was, therefore, necessary to devise something which would be of permanent value. The present analytical methods are due to the fact that there is no uniformity either in rates or routes. But we believe the time must shortly come when checks will be collected in a regular manner and at regular rates, if not at par. The Boston Clearing-house System points the way. When this, or similar conditions prevail, the analysis clerks need only memorize 100 prefix numbers, and these numbers follow a definite plan which makes it a simple matter to remember them. This only applies to banks who analyze from the incoming items. Many use the endorsement records on the outgoing letter and the Numerical System does not conflict in any way with this method but is rather a convenience.

A few of the ultra-conservative are fearful lest the putting of the bank number on the face of the check may mar its appearance! Why it does not occur to these people to leave off, also, the number of the check we are not prepared to say. We have not, as yet, met with any other criticisms worth mentioning. When we consider the inestimable benefits that all banks will derive from this system when it is in full operation, it is certainly worth working for. We urge upon every banker to make a personal campaign of education in his community, among the banks, bank depositors and check-book makers. See to it that your own checks are numbered. A small rubber stamp may be bought for ten cents which can be used to place the numbers on reserve stocks of blank checks now on hand.

New endorsement stamps are equally important, and this feature of the plan can be put in immediate use. One of the points in favor of the proposition is that except an initial cost of a few cents for stamps, there is no other cost at all in adopting it. It seems remarkable that banks were not numbered

long ago in some systematic manner. In other fields of activity this is done as matter of course; telephone addresses, residences, railroad cars and bank charters, are only a few of hundreds of illustrations. The description by number, instead of name, is as great a step as the use of figures, instead of writing, to represent amounts.

The Clearing House Section looks upon the Universal Numerical System as one of its greatest efforts. Too much praise cannot be given the Committee who worked out the details, for their untiring labors and painstaking care. Their work is monumental.

At the time of going to press, we are able to report very gratifying results from the letter sent out October 26th. Many banks are ordering new endorsement stamps through this office and hundreds of others write they have already put the system in operation or will secure the stamps through local dealers. We regret that, owing to the limited clerical force at command, we are unable to acknowledge all the letters received by us on this subject, and we beg to advise those who have ordered stamps that these orders have been forwarded to the stamp manufacturer and will be filled as rapidly as possible.

IN order to accelerate the adoption of the numerical system and make it possible for every bank to install at once its indorsement features, we have made arrangements to supply indorsement stamps at a small cost to every bank in the United States. A letter containing descriptive matter and an order blank has been sent to about 28,000 banking institutions. We will guarantee the safe delivery of any stamps ordered through us and any change of name of bank or officer which may occur between the order and delivery of the stamps will be adjusted free of charge. It will be a great assistance to the Clearing House Section if you will advise us promptly if you are already using your number on checks, drafts and indorsement stamps; whether you will provide yourself through a local dealer or if you will take advantage of the opportunity to have us supply you at a low cost.

WASHINGTON, D. C., TO HAVE CLEARING HOUSE EXAMINER.

District Bankers Association and the Comptroller of the Currency Agree upon a Plan.

THE recommendation of the bankers of Washington of the appointment of National Bank Examiner Samuel N. Hann, of Washington and Baltimore, as clearing house examiner is of especial interest to the Clearing House Section. The banks in the District of Columbia occupy a unique position in their relation to the Comptroller's Department and the plan which is here explained will be watched with interest as suggesting a possible method of enabling the smaller cities to inaugurate a similar system with certain modifications. The committee having the matter in charge met in the rooms of Washington

Chapter, American Institute of Banking. This committee was authorized to act directly with the examiner to consider what legislation, if any, is needed to safeguard further the banking interests of the District.

The report provides for examination of the banks in the Association to be made by Mr. Hann, or an examiner whom he may employ, and for whom he will be responsible to the Association. It is provided, likewise, that the assistant shall enter bond. The compensation of Mr. Hann and the identity of his assistant were not discussed. They will be determined by the joint committee, which is also to pass upon the appointment of an assistant to Mr. Hann.

It was made known that Mr. Hann would accept. The joint committee members had conferred with him several times and matters had been settled. Comptroller of the Currency Murray participated in the conferences. Other conferences by Mr. Hann, the joint committee, and a subcommittee of five will be held soon to decide upon details.

The joint committee received the authority to employ Mr. Hann, and otherwise to act for the association. A subcommittee was appointed by President George W. White, of the Association, on motion. Mr. White will serve ex-officio, and the others of the committee will represent the national, private and savings banks and the trust companies.

Mr. White appointed Henry H. McKee, cashier of the Capital National Bank; William A. Mearns, of the banking house of Lewis Johnson & Co.; M. I. Weller, President of the East Capital Savings Bank, and George E. Fleming, Vice-President of the Union Trust Company, as members of the subcommittee. This committee will consider what legislation is required from Congress the scope of which has not yet been under discussion.

If the examiner shows an institution to be unsound or to be suffering from bad management, his report will be submitted to the joint committee from the council of administration and the committee on examination, which the subcommittee has power to call together. Then, if necessary, the matters brought to the attention of the committees may be laid before the Association. Proper restrictions for secrecy of reports will be made.

While the plan of having the national bank examiner as the examiner for the Association has been spoken of as temporary, that subject was not referred to at the meeting. The report of the committee was adopted with no specific provision as to how long the methods therein recommended should continue. Opposition that, several weeks ago, was regarded as probable on the part of several of the Clearing House Association banks was not apparent.

CLEARING HOUSE FUNCTIONS.

UNDER date of October 17, a circular letter was sent from this office to all members of the Clearing House Section requesting copies of articles of association and information pertaining to the rules and regulations in force in various sections of the country. The Assistant Secretary begs to acknowl-

edge receipt of pamphlets and other matter and extends his thanks to the officers of the several organizations for their prompt and courteous replies. The form letter sent out consisted of eight questions on the most common functions of clearing house associations, and the answers obtained indicate in a very fair degree the work that is being done. It is interesting to note the different stages of development to be found, although there is an apparent lack of ap-

preciation in some quarters of the possibilities of clearing-house action. Without entering into any comparative discussion, we shall attempt throughout the year to analyze these eight questions, one at a time, together with whatever other features that may suggest themselves, looking toward more uniformity of action and methods. In this way we may expect to make more consistent progress toward a higher clearing house standard.

CIPHER CODE SUPPLEMENT AND CHANGE IN KEY TO THE TEST WORDS.

AUGUST 15th, 1911, a circular letter was addressed to all members of the Association. Enclosed therein was a supplement to our Cipher Code and a slip indicating a change in the key to the test words in the Code. The envelopes bearing these enclosures were addressed from our addressograph

list of members, and therefore our communication was forwarded to every member.

The change in the key to the test words became effective September 5th, and while the Supplement may be used in place of the artificial words on pages 52 to 60, inclusive, it is recommended that our MEMBERS ADOPT THE SUPPLEMENT as errors in the transmission of telegrams are less likely to occur through the use of dictionary words.

MORTUARY RECORD OF MEMBERS REPORTED DURING OCTOBER.

Bailey, Isaac.—Vice-President Pasadena National Bank, Pasadena, Cal.
 Ball, Orson A.—Vice-President Grand Rapids Savings Bank, Grand Rapids, Mich.
 Blakese, Alonzo P.—Director Mauch Chunk National Bank, Mauch Chunk, Pa.
 Bliss, Cornelius N.—Director American Surety Company, New York, N. Y.
 Cable, George W.—Director First National Bank, Davenport, Iowa.
 Cox, O. R.—Director Greensboro Loan & Trust Company, Greensboro, N. C.
 Davis, Decatur O.—Director First National Bank, Richmond, Va.
 Denny, Parkman T.—Treasurer Leicester Savings Bank, Leicester, Mass.
 Eisenmeyer, J. C.—Cashier Trenton Bank, Trenton, Ill.
 Eyerley, Richard J.—Director City National Bank, Kankakee, Ill.
 Fenton, S. W.—Cashier Central National Bank, Junction City, Kansas.
 Gillmer, T. H.—President Union National Bank, Warren, Ohio.
 Hartwell, Frederick W.—Director Atlantic National Bank, Providence, R. I.
 Kramer, S. W.—Director Cadillac State Bank, Cadillac, Mich.
 Latshaw, Wm. H.—Director Colonial Trust Company, Pittsburgh, Pa.
 Latta, James P.—President First National Bank, Tekamah, Nebr.
 Lloyd, Malcolm.—Director Girard National Bank, Philadelphia, Pa.
 Massie, John Gardner.—Treasurer Peoples Savings Bank, Providence, R. I.
 Mather, Robert.—Director National Bank of the Republic, Chicago, Ill.
 McAlpine, Martin Van Buren.—Vice-President First National Bank, Allegan, Mich.
 Mendels, Emanuel S.—Senior Member E. S. Mendels, Jr. & Company, New York, N. Y.
 North, H. L.—President Bank of Hudson, Hudson, Wis.
 Parmele, Howard T.—Chairman Board of Directors, Canandaigua National Bank, Canandaigua, N. Y.
 Peck, Ira L.—Director First National Bank, Norwich, Conn.
 Potts, Thomas G.—Treasurer Central Savings Bank, Baltimore, Md.
 Putnam, George F.—Director Commonwealth Trust Company, Boston, Mass.
 Rathbun, Chas.—Director Farmers National Bank, Rome, N. Y.
 Sheffield, S. G.—Director Meade County Bank, Sturgis, S. D.
 Treadway, Augustine R.—Director Cleveland National Bank, Cleveland, Ohio.
 Waddell, T. Q.—President State National Bank, Jennings, La.
 Wadden, John.—President Lake County Bank, Madison, S. D.
 Wade, Albert.—Vice-President Alton National Bank, Alton, Ill.
 Wangelin, Richard.—Cashier Belleville Savings Bank, Belleville, Ill.
 Waters, Russell J.—President Citizens National Bank, Los Angeles, Cal.
 Whitley, F. C.—President Farmers & Citizens Bank, Lancaster, Ohio.
 Williams, John G.—President National Bank of Orange, Orange, Va.
 Young, Charles T.—President National City Bank, Brooklyn, N. Y.

STATE SECRETARIES SECTION

CONVENTIONS TO BE HELD IN 1911.

Nov. 15-16, Wyoming.Cheyenne
 " 20-24, American Bankers Association, St.
 Charles Hotel, New Orleans.

CONVENTIONS HELD IN OCTOBER.

ARIZONA:

The Arizona Bankers Association held its Eighth Annual Convention October 2d and 3d at Prescott, in which city the first bank in the Territory was established in 1877.

There was a large attendance, including many prominent bankers from different States, California and Texas being especially well represented.

President J. G. Spangler, Cashier of the Mesa City Bank, in his annual address, said that the past year had been the greatest in the history of Arizona; that from every district, town and city came reports of prosperity and national and material advancement.

The annual reports of Secretary Morris Goldwater and the other officers and committees were submitted, and much satisfaction expressed by the delegates at the progress made by the Association.

Addresses were made by Hon. Richard S. Sloan, Governor of Arizona and Hon. George A. Mauk, Territorial Auditor and ex-officio Bank Comptroller, the other addresses being impromptu.

Resolutions were unanimously adopted endorsing the National Monetary Commission Plan as amended by the American Bankers Association; also the Numerical System, as promulgated by the Clearing House Section; and urging the speedy adoption of the system.

The entertainment features included a forty-mile run over the Speedway of the Prescott Automobile Club in the afternoon of the first day, and a dinner at the Yavapai Club and smoker in the evening. On the second day the delegates accompanied Governor Sloan on a trip of inspection to Whipple Barracks and were hospitably entertained by Colonel J. C. F. Tillson, after which a ride was taken over the completed portion of the Territorial Highway. At the end of the drive a hot collation was served, and in the evening a ball was given at the Yavapai Club.

The officers elected for the ensuing year are as follows: President, W. H. Doyle, Cashier Bank of Arizona, Prescott; Vice-President, Emil Ganz, Vice-President National Bank of Arizona, Phoenix; Secretary, Morris Goldwater (re-elected), President Commercial Trust Company, Prescott; Treasurer, Lloyd B. Christy (re-elected), Cashier The Valley Bank, Phoenix. Executive Council: T. E. Pollock, Flagstaff; J. M. Ormsby, Tucson; J. D. Marshall, Douglas;

J. E. Cox, Holbrook; P. P. Greer, Globe; P. M. Buckwalter, Bisbee.

ILLINOIS:

The twenty-first annual convention of the Bankers Association of the State of Illinois held at Springfield, October 11-12, was the most important one in its history; a new constitution being adopted and the Association practically beginning a new era in its work.

The Hon. James J. Hill, President of the Northern Pacific Railroad, impressed upon the delegates the importance of agricultural development and said that the prosperity of the country rested primarily upon the tiller of the soil. He spoke approvingly of the bankers' plan of having demonstration farms and educating the pupils in the rural school along agricultural lines. In concluding his address, Mr. Hill asserted that it was better for the nation to improve the soil than to compete with European nations in building battleships that become antiquated in ten years.

George M. Reynolds, President of the Continental and Commercial National Bank, Chicago, spoke on "Proposed Monetary Legislation," and advocated the adoption of the Aldrich Plan as modified by the American Bankers Association. He said that the question of currency reform must be discussed on its merits; that monetary legislation was intrinsically different from tariff legislation, and that a Central Reserve Association would be the salvation for banks during times of panic; that the notes of banks with the endorsement of a great Central Reserve Association behind them would have greater extension of credit than the bank note now put out; that the small country banks could borrow money at the same rate as the Wall Street interests.

The following resolution was adopted by the Convention:

"Resolved: That this Association appreciates fully the great need of our country of a new and better monetary system and that we look upon with favor and pledge our united help to support the efforts that are being made to secure the adoption by Congress at its next session of a monetary system that will be fundamentally safe and sound. One that will bring about equal benefits and equal safeguards to all the interests of our country, and that we urge upon our Senators and Representatives in Congress, that they study and give to this important subject their best efforts."

The dominant features of the discussions throughout the Convention were Monetary Legislation and Agriculture, in which was emphasized the importance of close connections between the banker and the farmer.

The other speakers and their subjects were as follows: Address of Welcome, Governor Deneen; Response and President's Annual Address, E. E. Crabtree, of F. J. Farrell & Company, Jacksonville; "The A B C of Prosperity," J. A. S. Pollard, Cashier Fort Madison Savings Bank, Fort Madison, Iowa; "Bankers and Newspapers," "Encouragement of Thrift and Protection of Local Institutions," O. A. White, Chicago Manager American Press Association; "The Relation of the Banker to Agriculture," Dr. Eugene Davenport, University of Illinois; H. A. Wheeler President Chicago Association of Commerce; "Bankers and Business Men as Farmers," A. P. Grout, Director Farmers Institute; "Importance of Monetary Reform to Business Men," J. V. Farwell, President Citizens League, Chicago; "Legalizing Clearing House Currency Issues," E. J. Parker, President State Savings Loan & Trust Company, Quincy; "Difficulties to be Encountered in Establishing Monetary System in this Country," M. P. Berry, Cashier Dime Savings Bank, Carthage; "Monetary System and Bank Organization," Phillip Saunders, Cashier Peoples Trust and Savings Bank, Streator; "Effect of Monetary Plan on Small Interior Banks," D. W. Karraker, President Bank of Jonesboro; "Banking Problems in the Merchandising of Grain," Chester Arthur Legg, Member of Chicago Bar; "The Semi-Public Character of Banking and the Advantages of a Mutual Interchange of Confidence between the People and the Banks," L. L. Bacchus, Banking Department, Springfield; "How to be Happy," Hon. J. Adam Bede, of Minnesota; "History of the Association," J. S. Alsthorpe, President First Bank & Trust Company, Cairo, Ill.

The entertainment features included a banquet to the Executive Council at the New Leland Hotel, and a dozen group dinner parties in the main dining room; vaudeville and musicale; automobile ride for the visiting ladies to the Illini Country Club, where they were entertained at luncheon; reception and grand ball in the ball room of the New Leland Hotel.

The officers elected for the ensuing year are as follows: President, B. F. Harris, Vice-President First National Bank, Champaign; Vice-President, J. D. Phillips, Vice-President and Cashier Green Valley Bank, Green Valley; Secretary, R. L. Crampton (re-elected), 1030-1032 The Rookery, Chicago; Treasurer, D. A. Wychoff, Cashier First Trust & Savings Bank, Alton; Assistant Secretary, Olive S. Jennings. The following are the nominations for office in the American Bankers Association: Member of the Executive Council, Nelson H. Greene, Vice-President Peoples Savings & Trust Company, Moline; Vice-President for Illinois, William A. Heath, President Live Stock Exchange National Bank, Chicago; Member Nominating Committee, S. E. Bradt, Vice-President First National Bank, De Kalb.

INDIANA:

The fifteenth annual convention of the Indiana Bankers Association was held at Indianapolis October 25-26, the attendance being the largest in the history of the Association. The headquarters were at the Claypool Hotel, and the convention was called to order in the Assembly Hall by President Chas. H. Worden, Vice-President of the First National Bank, Fort Wayne, and the invocation pronounced by the Rev. Owen D. Odell, Pastor Second Presbyterian

Church. The Hon. Thomas R. Marshall, Governor of Indiana, made the address of welcome, which was responded to by President Worden.

The two principal themes of President Worden's annual address were: "Clearing House Supervision" and "High Interest Rates." He advocated the supervision of banks by clearing house examiners, this latest development of the problem of bank supervision and introspection being the greatest force in the country to-day for safe and conservative banking. In regard to high interest rates, he said, one of the greatest evils affecting the welfare of the financial institutions was the growing tendency to pay exorbitant rates of interest on deposits of money, which grows out of excessive and foolish competition between local institutions.

The Hon. A. Platt Andrew, Assistant Secretary of the Treasury, made an address taking for his title "Proposed Organization of American Banking."

Secretary Andrew Smith, Vice-President of the Capital National Bank, Indianapolis, in his annual report covered very fully the work of the Association during the past year. Referring to the membership, Secretary Smith stated that notwithstanding a year ago the dues were increased by the adoption of a graded scale in keeping with the capital of the bank, 47 new members had been added to the rolls, making the membership 791.

The Trust Company Section of the Association held its annual meeting in the afternoon, which was called to order by the president of the Section, Geo. U. Bingham, Secretary of the St. Joseph Loan and Trust Company, South Bend; the invocation being pronounced by the Rev. A. B. Philpott, Pastor of the Central Christian Church.

Following the President's annual address, Secretary Ross H. Wallace, Cashier of the Union National Bank, Indianapolis, and Treasurer Fred. K. Shepard, Treasurer Marion Trust Company, Indianapolis, submitted their reports.

W. T. Abbott, Vice-President Central Trust Company, Chicago, made an address on the "Functions of Trust Companies," and John H. Skinner on "The Conservation of Our Resources."

At the second day's session of the convention of the Association the Rev. Harry Blunt, Pastor of the First Congregational Church, Indianapolis, pronounced the invocation. Reports of the various committees were submitted, and addresses made by F. W. Ellsworth, Publicity Manager Guaranty Trust Company, New York, on "Bank Publicity"; A. F. Files, Evansville, on "Order Bills of Lading," "Grain Dealers as Money Lenders," and Roger W. Babson, Wellesley Hills, Mass., on "The Three Essentials of Prosperity and Forecasting Business Conditions."

The following resolution was unanimously adopted by the Convention:

"Resolved, That it is the opinion of the Indiana Bankers Association, in convention assembled, that the suggested plan for monetary legislation presented by Senator Aldrich to the National Monetary Commission, as amended by the Executive Council of the American Bankers Association, at the Nashville meeting, embodies in its main outlines a satisfactory remedy for the existing deficiencies in our banking system, and that we earnestly recommend to the Senate and House of Representatives the adoption of a

bill containing the essential features of this plan at the earliest possible date, and before the necessity for such legislation shall have been forced upon the attention of the country by the recurrence of such a financial collapse as it is designed to prevent."

A resolution was also unanimously adopted approving the "Numerical System," as promulgated and adopted by the Clearing House Section of the American Bankers Association and recommended by the Executive Council.

On Thursday evening a mass meeting of bankers and business men was held in Männerchor Hall, which was addressed by the Hon. Nelson W. Aldrich, on the "Plan for Monetary Legislation."

The entertainment features included a smoker at the German House on Wednesday evening; and theatre parties for the ladies, after which a luncheon was served at the German House. Thursday afternoon, special trolley cars conveyed the bankers and their ladies to the plant of the T. B. Laycock Manufacturing Company, where luncheon was served.

The officers elected for the ensuing year are as follows: President, Earl S. Gwin, President Second National Bank, New Albany; Vice-President, Frank Martin, Treasurer Indiana Trust Company, Indianapolis; Secretary, Andrew Smith, Vice-President Capital National Bank, Indianapolis; Treasurer, Hugo C. Rothert, Cashier Huntingburg Bank, Huntingburg.

John A. Thompson, President of The Thompson Bank, Edinburgh, was nominated as Vice-President for Indiana of the American Bankers Association, and A. G. Lupton, President of the Blackford County Bank, Hartford City, as member of the Nominating Committee.

The Trust Company Section elected the following officers: President, J. E. Kelly, Mt. Vernon; First Vice-President, B. C. Bowman, Muncie; Second Vice-President, M. S. Sonntag, Evansville; Secretary, E. H. Forry, Indianapolis; Treasurer, F. K. Shepard, Indianapolis, and Executive Committee, John C. Zu-

lauf, Jeffersonville; J. S. Royse, Terre Haute, and Edgar F. Hiatt, Richmond.

KENTUCKY:

The nineteenth annual convention of the Kentucky Bankers Association was held at the Phoenix Hotel, Lexington, October 25-26, the headquarters being at the same hotel.

The sessions were called to order by President J. N. Kehoe, President Mitchell, Finch & Company's Bank, Maysville, and the invocations pronounced by Rev. R. H. Crossfield, President Transylvania University, Lexington, on the first day, and by Dean W. P. Capers, Christ Episcopal Church, Lexington, on the second day.

Following the annual address of President Kehoe, the following reports were submitted: Secretary Arch B. Davis, of Louisville, Treasurer Henry D. Ormsby, Cashier National Bank of Kentucky, Louisville; Chairman Executive Council John H. Leathers, Louisville, and the various committees. Secretary Davis reported a membership of 577, a gain of 37 members in the year, making 93 per cent. of all the banks in the State.

The addresses as announced in the program are as follows: "What Ails Us?" C. N. Manning, Secretary and Treasurer Security Trust Company, Lexington. "Inspection of State Financial Institutions," Hon. J. A. Sullivan, President State Bank & Trust Company, Richmond. "The American Bankers Association," F. O. Watts, President American Bankers Association, Nashville, Tenn. "National Reserve Association," George M. Reynolds, President Continental and Commercial National Bank, Chicago, Ill.

In addition to the banquet on Wednesday evening tendered by the Lexington Clearing House Association to the visiting bankers and their friends at the Phoenix Hotel, many other social functions were provided by the Lexington bankers for the entertainment of the visitors.

FIDELITY BONDS.

IN the April, 1911, issue of the Journal-Bulletin a copy of our copyrighted form of Fidelity Bond was printed and members contemplating applying for Fidelity Bonds are requested to carefully peruse our form, which has been extensively used for some years. It is believed to be the best form yet devised for bankers, and to our knowledge has been contested on only a very few occasions.

A list of the companies which have signed agreements with this Association to write our form of Fidelity Bond only for members of the American Bankers Association and which companies have been given by us a license to write the same accordingly is herewith submitted as follows:

Aetna Accident and Liability Co., Hartford, Conn.
American Bonding Company, Baltimore, Maryland.
American Surety Co., New York, N. Y.
Bankers Deposit Guaranty & Surety Co., Topeka, Kansas.
Empire State Surety Company, New York, N. Y.
Employers Liability Assurance Corporation, Ltd., of London, England, United States Branch, Boston, Mass.
Federal Union Surety Company, Indianapolis, Ind.

Fidelity & Casualty Company, New York, N. Y.
Fidelity & Deposit Company, Baltimore, Md.
General Bonding & Casualty Insurance Co., Dallas, Texas.
Great Southern Accident & Fidelity Co., Atlanta, Ga.
International Fidelity Insurance Co., Jersey City, N. J.
Interstate Casualty Company, Birmingham, Ala.
Lion Bonding & Surety Co., Omaha, Neb.
Maryland Casualty Company, Baltimore, Md.
Massachusetts Bonding & Insurance Co., Boston, Mass.
National Fidelity & Casualty Co., Omaha, Neb.
National Surety Co., New York, N. Y.
New England Casualty Company, Boston, Mass.
Northwestern Trust Company, Grand Forks, N. Dak.
Ocean Accident & Guarantee Corporation, Ltd., of London, England, United States Branch, New York, N. Y.
Pacific Coast Casualty Company, San Francisco, Cal.
Southern States Fire & Casualty Ins. Co., Birmingham, Ala.
Southern Surety Co., St. Louis, Mo.
Southwestern Surety Insurance Co., Denison, Texas.
Title Guaranty & Surety Co., Scranton, Pa.
United States Fidelity & Casualty Co., Baltimore, Md.

REGISTRATION AT OFFICES.

The following visitors registered during the month of October:

- Adams, Geo. G., State Bank Examiner, New York, N. Y.
 Albeck, A. E., Asst. Cashier National City Bank, New York City.
 Anderson, Frank J., Secretary The Armstrong Agency (Inc.), New York City.
 Armstrong, David W., Jr., President and Director New England Casualty Company, New York City.
 Barker, V. T., President Home Savings Bank, Kalamazoo, Mich.
 Bartlett, Geo. D., Secretary Wisconsin Bankers Association, Milwaukee, Wis.
 Bartow, Henry S., Asst. Cashier The Liberty National Bank, New York City.
 Burns, Wm. J., Chicago, Ill.
 Burroughs, Clyde H., Asst. Director Detroit Museum of Art, Detroit, Mich.
 Cambell, Alexander D., Asst. Cashier Hanover National Bank, New York City.
 Clan, I., Consul General of Denmark, New York City.
 Cox, Raymond B., President American Institute of Banking, Baltimore, Md.
 Cromwell, David, President First National Bank, White Plains, N. Y.
 Cumming, Alexander, President University Forum, New York City.
 Curtiss, Frederic H., Cashier First National Bank, Boston, Mass.
 Cutler, Ralph W., President Hartford Trust Company, Hartford, Conn.
 Demarest, Richard G., Secretary and Treasurer Southport Trust Company, Southport, Conn.
 Dismukes, John T., President First National Bank, St. Augustine, Fla.
 Dunham, Geo. T., Cashier People's National Bank, Scranton, Pa.
 Ellner, Joseph, Editor "Financial Record," Yonkers, N. Y.
 Escher, Franklin, Finance Editor Harper's Weekly, New York City.
 Fancher, E. R., Vice-President Union National Bank, Cleveland, Ohio.
 Fannon, Charles E., Representative National Surety Company, N. Y., New Brighton, S. I.
 Farrell, J. Fletcher, Vice-President Fort Dearborn National Bank, Chicago, Ill.
 Farrell, M. D., Asst. Editor New York News Bureau, New York City.
 Ferrin, A. W., Publisher Moody's Magazine, New York City.
 Foye, E. Elmer, Vice-President Old Colony Trust Company, Boston, Mass.
 Fries, F. H., President Wachovia Bank & Trust Co., Winston-Salem, N. C.
 Fuller, Oliver C., President Wisconsin Trust Company, Milwaukee, Wis.
 Garvin, Wm. E., Lawyer, St. Louis, Mo.
 Gillespie, Lawrence L., J. S. Bache & Company, New York City.
 Goff, F. H., President Cleveland Trust Company, Cleveland, Ohio.
 Goldwater, Morris, Secretary Arizona Bankers Assn., Prescott, Ariz.
 Gurney, E. R., Vice-President First National Bank, Fremont, Neb.
 Harvey, Stephen G., Cashier First National Bank, Milton, Fla.
 Haw, Howard H., Country and Foreign Manager Union of London & Smiths Banks (Ltd.), London, England.
 Hogan, H. V., "New York Times," New York City.
 Hollister, Clay H., Vice-President Old National Bank, Grand Rapids, Mich.
 Hutton, R. J. H., Asst. Secretary Manhattan Trust Company, New York City.
 Ingold, A. M., Cashier First National Bank, Morganton, N. C.
 Ingold, Miss, Morganton, N. C.
 Johanson, H., National City Bank, New York City.
 Johnson, E. L., Vice-President Leavitt & Johnson Trust Company, Waterloo, Iowa.
 Johnston, Wm. Allen, Editor Staff National Citizens League, New York City.
 Jones, H. C., Asst. Cashier Citizens National Bank, Martinsville, Ind.
 Kent, Robert D., President Merchants Bank, Passaic, N. J.
 Kimmelberg, E. W., New York News Bureau, New York City.
 Latham, W. A. S., Advertising Manager, Syracuse, N. Y.
 Lansdale, R. Vinton, Cashier National Exchange Bank, Baltimore, Md.
 Law, W. A., Vice-President First National Bank, Philadelphia, Pa.
 Laws, C. R., Asst. Cashier Boatmen's Bank, St. Louis, Mo.
 Leigh, B. V., Cashier Clinton National Bank, Clinton, N. J.
 Leonard, Wm. S., Fidelity & Casualty Company, New York City.
 Lowry, Col. R. J., President Lowry National Bank, Atlanta, Ga.
 McIntosh, H. P., President Guardian Savings & Trust Co., Cleveland, Ohio.
 McNeal, J. V., Fourth Vice-President and Treasurer Baltimore & Ohio Railroad, Baltimore, Md.
 Miller, John M., Jr., Vice-President and Cashier First National Bank, Richmond, Va.
 Niese, H. C., H. C. Niese & Company, New York City.
 Olmstead, Alfred H., Solicitor Windsor Trust Company, Brooklyn, N. Y.
 Orr, Isaac H., Trust Officer St. Louis Union Trust Company, St. Louis, Mo.
 Parcher, S. C., President Saco & Biddeford Savings Institute, Saco, Me.
 Pierson, Lewis E., President Irving National Exchange Bank, New York City.
 Pool, H. W., Moody's Magazine, New York City.
 Powe, L. B., Cashier Connecticut National Bank, Bridgeport, Conn.
 Pugsley, C. A., President Westchester County National Bank, Peekskill, N. Y.
 Riecks, C. W., Vice-President and Cashier The Liberty National Bank, New York City.
 Rooney, E. R., Asst. Cashier First National Bank, Boston, Mass.
 Ross, Edwin T., Credit Inspector Fourth National Bank, New York City.
 Russel, Geo. H., President People's State Bank, Detroit, Mich.
 Sawyer, F. W., Vice-President and Cashier, Souhegan National Bank, Milford, N. H.
 Schneider, R. B., President Fremont Trust & Savings Bank, Fremont, Neb.
 Senauer, C. H., New York City.
 Shaw, Chas. F., Jr., Traveling Representative Fourth Street National Bank, Philadelphia, Pa.
 Smith, E. K., Vice-President Commercial National Bank, Shreveport, La.
 Smith, Mrs. E. K., Shreveport, La.
 Staley, John W., Asst. Cashier First National Bank, Detroit, Mich.
 Strong, B. Jr., Vice-President Bankers Trust Company, New York City.
 Van Wagenen, John R., President First National Bank, Oxford, N. Y.
 Walmsley, B. M., 44 Pine street, New York City.
 Walmsley, R. M., President Canal-Louisiana Bank & Trust Co., New Orleans, La.
 Winsor, Henry C., President Asbury Park & Ocean Grove Bank, Asbury Park, N. J.
 Wolfe, Edmund S., Asst. Cashier American National Bank, Washington, D. C.
 Wright, H. F., President H. P. Wright Investment Co., Kansas City, Mo.

JOURNAL OF THE AMERICAN BANKERS ASSOCIATION

DEVOTED TO THE SCIENCE OF BANKING AND FINANCE

VOL. 4

NOVEMBER, 1911.

No. 5

FRED. E. FARNSWORTH, PUBLISHER.

General Secretary American Bankers Association

THOMAS B. PATON, EDITOR.

General Counsel American Bankers Association

W. W. WAINE, ASSOCIATE EDITOR.

NON-PARTISAN BANKING LEGISLATION.

THE American business man fought for sound money in the 90's and won the fight; today the American business man is fighting for sound banking, and it is difficult to believe that he is not going to win.

The sound money campaign was a bitter, partisan struggle. The two great political parties, in their contest for control of the national government, went before the country on the issue of the money standard.

But today, fortunately for the country, party lines are not being drawn on the question of reforming our banking and currency system. Merchants, manufacturers, farmers, public carriers and wage-earners are uniting in a demand that banking legislation be kept out of politics.

American business has suffered enormous losses—especially in the panics of 1907, 1893 and 1873—because the banks, under our present system, are powerless to prevent money panics. The bitter experience of four years ago brought home to every business man the fact that something was radically wrong with our banking system. Business men demand that these panics be stopped, as they have been in all the great commercial nations.

Banking reform in this country has been delayed because the bankers themselves could not agree on a remedy for the manifest evils. But now the American bankers are presenting a solid front for banking co-operation in the form of a National Reserve Association. The plan of the National Monetary Commission, to be presented to Congress this winter, will combine not only the best thought of the world's monetary experts, but the mature ideas of American business men and bankers.

The demand of the business interests for non-partisan banking reform is having concrete expression in the educational campaign now being conducted by the National Citizens' League for the Promotion of a Sound Banking System. This league grew out of the business men's monetary conference at the

annual meeting of the National Board of Trade in Washington. Branch leagues are being organized in every State, and the members of the organization are the leading business men of the country. Through the efforts of the League, interest in the necessity of banking and currency reform is being aroused in the chambers of commerce, boards of trade and national business organizations of the whole country.

This League stands committed to no definite plan of reform, but it does advocate certain fundamental principles. It believes in the idea of a National Reserve Association. John V. Farwell, of Chicago, the President of the League, in an address before the Illinois Bankers Association, stated these principles, on which the League believes legislation should be based:

1. Co-operation, not dominant centralization, of all banks by an evolution out of our clearing-house experience.
2. Protection of the credit system of the country from the domination of any group of financial or political interests.
3. Independence of the individual banks, National or State, and uniform treatment in discounts and rates to all, large or small.
4. Provision for making liquid the sound commercial paper of all the banks, either in the form of credits or bank notes redeemable in gold or lawful money.
5. Elasticity of currency and credit in times of seasonal demands and stringencies, with full protection against over-expansion.
6. Legalization of acceptances of time, bills of exchange, in order to create a discount market at home and abroad.
7. The organization of better banking facilities with other countries, to aid in the extension of our foreign trade.

Mr. Farwell, in his address, said:

"We Americans are natural optimists, because we live in a new country with exhaustless resources and a good government. When panics are over and times are fairly good, the majority of the voters forget their anxieties or the cause of their distress, and refuse to prepare for future trouble, which will

surely come as long as we have an unsound banking system. They won't even lock the door after the horse is stolen, but proceed cheerfully to buy another horse and leave the door open. Times are none too good at present for the average business man and many a person is out of a job because of curtailment in his line. Under such circumstances, it does seem as though the voters, and through them Congress, could be brought to understand that nothing is so fundamentally necessary to produce certain and unbroken prosperity as a good banking system. It is the foundation of all credits and all business and certainly should not be pushed aside and delayed for other issues which though very urgent seem to

many less important. It should be acted upon at the next session of Congress. No voter can possibly object if our representatives have sufficient foresight, intelligence and courage to give the country this kind of freedom of trade which will take down the barriers against foreign markets, and this kind of 'protection' which must protect everybody and about which there should be no consideration of politics."

It is highly fortunate that the business men of the country are joining with the bankers in a demand for non-partisan banking and currency legislation in the interest of the whole country.

MEMBERSHIP DUES FOR FISCAL YEAR 1911-12.

Our Constitution provides that the fiscal year shall begin September 1, and therefore drafts for dues were drawn against all members as of September 1, 1911, through our Treasurer, Arthur Reynolds, of the Des Moines National Bank, Des Moines, Iowa, our dues being payable in advance.

Some members have not paid their dues, and it is possible that the draft drawn may have been misplaced in the bank or lost in the mails. It is therefore requested that where members have not paid dues, that they kindly remit promptly to our Treasurer, according to the schedule of dues appearing in the Annual Proceedings of the Association, the dues being based on the aggregate capital and surplus.

It is gratifying to state that a much larger proportion of drafts have been honored to date than for any similar period heretofore.

THE ASSOCIATION LIBRARY.

It has been the opinion of the General Secretary that the American Bankers Association should have a financial library in connection with its offices that would be commensurate with the standing of the Association officials of the organization.

Until within the last four years, and before the present administration, there was no attempt made to preserve financial pamphlets, addresses, and documents which had been received at the offices of the Association.

There is now an accumulation of very valuable material, which, after properly compiling, indexing, and cross-indexing, and the preserving in bound form of the more important financial periodicals, will make a collection that will be most desirable.

Miss Marian R. Glenn, of New York, a graduate of the Pratt Institute Library School, has been selected as librarian, and has undertaken this work with a keen interest, which will bring about the development of the library and be of a distinct advantage to the Association. Miss Glenn comes to this position with several years of experience in library work, having established several libraries on a sound foundation.

INVESTMENT BANKERS' SECTION.

FOR some time investment bankers have been considering the organizing of an association, and among those who have been prominent in this movement there is a desire that it become a Section of the American Bankers Association. To make this possible there has been prepared an amendment to the Constitution, which will be presented to the Executive Council at the Convention in New Orleans. The full amendment, as well as by-laws to govern an Investment Bankers' Section, are published in this issue of the Journal-Bulletin, and, it will be noted are so drafted as to safeguard the class of bankers who would be eligible to membership in that Section of The American Bankers Association.

The following letter was received a few days ago from a prominent bond-house in the West, and clearly sets forth the advantages of an organization of this kind:

"Investment Bankers' Association. There is no more vital question before the American people to-day than the permanent expunging of irresponsible and dishonest dealers in investment securities. According to Postmaster-General Frank H. Hitchcock, the sums taken from the American public by purveyors of fraudulent bonds and shares have reached up into the hundreds of millions of dollars.

"The time has come, therefore, when it is a pertinent question for the members of The American Bankers Association who are buyers and sellers of honest securities to band together for the safeguarding and improving of their business. The profession of the investment banker requires a specialized knowledge, and there is no reason why member banks of this class should not have their own section in the Association.

"For this and other reasons, educational, protective and regulative, we heartily approve of the movement on foot to form an Association of bond and investment securities houses and bond departments of responsible banks, and we trust that the plan will meet with a favorable response at the New Orleans Convention."

LEGAL DEPARTMENT

THOMAS B. PATON · GENERAL COUNSEL

LAW COMMITTEE.

PURSUANT to resolution of the Executive Council at its Nashville meeting calling for investigation by the Law Committee of conditions in different States with reference to the special investment of savings deposits, a meeting was held in Detroit, Michigan, on October tenth, at which the Committee met some thirty bankers from Detroit and other cities of Michigan and the entire day was devoted to investigation and statement of banking conditions in that State. A similar meeting was held in Cleveland, Ohio, the following day, October 11, at which there was a similar large attendance.

These meetings are preliminary to the making of a report by the Law Committee to the Executive Council in November on this subject.

BURGLARY INSURANCE.

THE Committee on Fidelity Bonds and Burglary Insurance will hold a meeting in Chicago on November 6, at which will be considered, among other things, a few amendments to the Standard Form of Bank Burglary and Robbery Policy which has been copyrighted by the Association. A copy of this policy was set out in the Journal for September, 1911, and in the main is satisfactory to the burglary insurance companies, but there are a few minor matters concerning which the companies, through a special committee, have suggested amendments, and these have been presented through General Counsel to the Committee on Fidelity Bonds and Burglary Insurance and will be considered by that Committee at its forthcoming Chicago meeting.

COTTON BILLS OF LADING CENTRAL BUREAU.

LAY H. HOLLISTER, Chairman of the Committee on Bills of Lading, and Fred I. Kent, a member of such Committee and Chairman of the Sub-Committee of New York bankers, have prepared the following statement with reference to the Cotton Bills of Lading situation and authorized its publication in the Journal:

The Bills of Lading Committee at its meeting on September First considered very fully and carefully the plan instituted by the Liverpool Cotton Conference for the establishment of a Central Bureau by it for the detection of frauds and forgeries of Bills of Lading in connection with foreign shipments of cotton. The Committee made several suggestions in the way of improving the plan as outlined by Mr. Haight, the Representative of the Liverpool interests. The suggestions were promptly acceded to. It was the judgment of the committee that some such plan was necessary to effectively reduce danger from fraudulent and forged bills of lading. It earnestly hopes

for the time to come when all valuable shipments under bills of lading can be safeguarded as well. The Committee in this particular matter acted only in an advisory capacity, seeking to safeguard the interests of Association members buying or selling cotton bills.

The Committee expects to continue its earnest efforts to perfect the laws relating to Bills of Lading, in so far as they affect banks.

Some objections to the Central Bureau plan were considered and an argument to answer such objections is printed below.

Persistent newspaper reports, emanating from many sources, have resulted in a general misunderstanding as to the nature of the Cotton Bills of Lading Central Bureau, how it will work, and what it is intended to accomplish. The following statement is issued for the purpose of correcting any false impressions that may exist, and of furnishing exact information to those directly interested.

The Central Bureau plan is intended to act as a protection to American shippers of cotton, American buyers of foreign exchange, foreign buyers of cotton and acceptors of bills drawn against cotton. It is aimed directly at those who would obtain money under forged or fraudulent bills of lading, to use in competing with other shippers for the purchase of cotton, in carrying on speculation, to tide over bankruptcy, or to deliberately steal. Its detail is comparatively simple, considering the certainty with which it would act to catch forged or fraudulent bills of lading, should it go into effect.

Objections urged against the Central Bureau plan have mostly been made from an imperfect understanding of it. This is readily seen when considering the objections listed by a New Orleans committee.

The first objection implied that no losses had been sustained through the handling of forged bills of lading for cotton that have amounted to anything, outside of those made through dealings with Steele, Miller & Company and Knight, Yancey & Company, and that the whole plan was, therefore, unnecessary. While there is no question but that other losses made through forged cotton bills of lading have not been large when compared to the \$6,000,000 or so which was lost through the two firms mentioned, yet it is generally known that many such losses have occurred, and as the opportunity to raise money in this manner was always open to those who might desire to take advantage of it, the consideration of some plan for the protection of all concerned is thoroughly justifiable.

The second objection, viz., that the operation of the plan would be a direct reflection upon and insult to those engaged in the exporting of cotton, is superficial, and has no foundation in fact. The protection asked is not from the honorable firms carrying on the business, but from the dishonorable. The plan is desired for exactly the same reason that auditors are employed to check up books of various companies and corporations, and that other safeguards are thrown around every line of business, as rapidly as it seems necessary, and in the manner required by the special nature of each business.

The third objection was that the plan proposed would give to New York City a decided advantage in the purchase of documentary bills, as bankers buying such bills in New York could verify their bills of lading before making payment for them, because the Central Bureau was located in New York. Under the system as ultimately outlined, no institution,

whether in New York City or other city, can apply to the Central Bureau to have bills of lading verified before purchasing them. The only method under which any buyer of exchange can deal with the Central Bureau requires that he purchase exchange first, as he cannot obtain the form of "notification" which is attached to the other exchange documents, until he has actually paid for the exchange and the documents are in his possession. No acknowledgments of "notifications" are to be forwarded to any exchange buyer, but should the Central Bureau find, after careful and certain investigation, that bills of lading advised by any exchange buyer were forged or fraudulently issued, such exchange buyer would then receive notice of the facts by telegraph, if the exchange buyer was situated outside of New York City, or by telephone otherwise.

The same reasons which would make it impossible for the plan to work to the advantage of New York City do away entirely with the fourth objection. This was based again upon the fear that New York City banks might hold up documents while they were being verified, and thus delay the financing of the cotton and cause friction to all Southern interests. It being impossible to verify documents before their purchase completely destroys any chance of New York exchange buyers taking such action, whether they might wish to or not.

The fifth objection refers to the lack of protection on domestic shipments. These shipments start from thousands of points, from which no through bills of lading for export cotton are issued, and the railroads state that it is impossible and impracticable to extend the system to include shipments from such a number of points, particularly as at the majority of them they have only one agent, so that the validation portion of the system could not possibly be carried out. Further, in the large majority of such places the Southern banker is in position to check up such shipments as he may wish to, and the necessity of the same form of protection is, therefore, not nearly as great. The better methods promised by the railroads when issuing bills of lading against compress receipts will serve to protect domestic shipments, as well as those made to foreign countries.

The conclusion drawn from the fifth objection that the plan is entirely in the interest of the foreign cotton buyer and banker and the New York exchange buyers, without regard to the Southern cotton interests, is untrue, for every exchange buyer will be protected in exactly the same manner that New York exchange buyers are, and the honorable cotton shipper will receive as great an advantage from the system as any other interest.

There are practically only two ways under which a dishonorable shipper can obtain money fraudulently, one through the negotiation of forged or fraudulent bills of lading, and the other through shipment of improper grades, false material, or short weights. With the first method, which was extremely easy to operate, and by means of which large sums of money could be obtained, eliminated, the dishonest cotton shipper is reduced to the necessity of making false shipments in order to obtain money fraudulently. When such shipments are made, the loss falls upon the foreign cotton buyer, and those who defraud in this manner cannot obtain money in large enough amounts to use to compete with the honorable shipper for cotton. The result will be that foreign buyers will have to be more careful from whom they buy in America, and that honorable shippers will be greatly benefited by such discrimination.

The sixth objection is practically the same as the second. Every business has to be surrounded with such safety devices as the special methods in vogue in carrying it on require. The banker has his time locks, the various corporations their auditors, the grain business its inspectors, bonds and stocks are registered, and various other devices to protect against fraud are in effect in practically every line of business. As conditions require, methods are devised to meet them. The Central Bureau plan has been evolved particularly to meet the actual conditions under which cotton is handled.

The seventh objection, that foreign buyers will deal indiscriminately with American sellers, because the temptation to forge bills of lading will be eliminated, has already been answered, as it has been shown that the foreign buyer will have to be more careful than heretofore, in order to prevent losses that may be sustained by "over-weighing, over-tar-ing, grading and stapling."

The eighth objection has to do particularly with the form of notice which American buyers of foreign exchange were to forward to the Central Bureau. In the "notification" as originally drawn, there were several elements of doubt as to responsibilities which might arise in signing and forwarding the forms. The new form, which was drawn up by Mr. Thomas B. Paton, the attorney for the American Bankers Association, has eliminated every possibility of doubt, and American exchange buyers can forward the new "notifications" to the Central Bureau without in the slightest degree adding to their responsibility.

Another part of the eighth objection suggests the possible injury of the credit and reputation of responsible cotton shippers, provided errors or delays occur in handling the documents. It was largely to prevent any such possibility that the Central Bureau was instructed not to give exchange buyers any information whatever, unless fraud or fraudulent intent had first been proved absolutely. This makes it impossible for any exchange buyer to know whether any particular bill of lading purchased by him checks out at the Central Bureau on the day the "notification" is received or some days later. It may be necessary in some cases for the Central Bureau to trace the actual cotton before it can be assured that everything is in order, but this will go on entirely without the knowledge of the exchange buyer, and if the cotton were found to be in order he would never know that any question had arisen.

The last objection given is that this system, if it went into effect, will retard or prevent the passage of laws making railroad or steamship companies responsible for the acts of their agents. The answer to this is that the Central Bureau plan is only intended to act as a preventative of forgery, and has nothing whatever to do with the responsibility of railroad agents. Further, that the system is only applicable to the transportation of export cotton, which represents a small portion of our inland railroad commerce, which such a law is aimed to protect. Any law making railroads responsible for the acts of their agents would not in any way serve to prevent forgeries. In fact, without the Central Bureau system, the knowledge that railroads were responsible for the acts of their agents in issuing bills of lading might so imbue American exchange buyers with the safety of the bill of lading, that forgeries would be much easier to perpetrate by those so disposed.

The following explanation of the system, taken from the "Commercial & Financial Chronicle," gives the full details of the plan:

"The Liverpool Cotton Conference and the American Bankers Association obtained from the cotton-carrying railroads signed agreements covering the issuance of bills of lading for cotton; two systems were included in this agreement—one, the validation system, which had already been in operation, but under verbal agreement; and the other, the Central Bureau plan. Many railroads, it was found, were continually breaking the verbal agreement covering the validation system, in order to obtain business from competitors; this placed the roads which lived up to the agreement in a most unfavorable position, and as a result other methods of validation were sought.

"The Central Bureau plan, which was devised by the Liverpool Cotton Conference, requires the co-operation of American shippers and American buyers of foreign exchange, in order to afford the protection intended. The part asked of American bankers is extremely simple, and it is distinctly understood that it carries with it no additional responsibility. The first form of notice to the Central Bureau presented to the bankers for their acceptance was thought by some to carry with it new responsibilities. The

Liverpool Cotton Conference immediately gave notice that there was no intention to require American bankers to add to their liability, and that it would, therefore, be agreeable to have the form in question changed in such manner as was necessary in order to remove any possibility of doubt in that respect. The attorney for the American Bankers Association thereupon drew up another form, to which it was thought no possible exception could be taken.

"Under the methods to be pursued by the Central Bureau in checking up bills of lading, a shipper, upon delivery of cotton to a railroad agent, or, in certain cases, of compress receipts, will receive in exchange a through bill of lading. This bill of lading may have been filled out by the shipper. After it is signed by the railroad agent, a validation certificate, bearing the signature of a second agent of the railroad, will be attached to the bill of lading, in accordance with the validation agreement. The railroad agent will forward to the Central Bureau a signed copy of the bill of lading, with a duplicate validation certificate attached, and to the Auditor of the railroad a triplicate validation certificate, together with a non-negotiable copy of the bill of lading. The Central Bureau will file bills of lading received by it by railroad, town and number. All of the bills of lading received from one town will, therefore, be filed together. As bills of lading are filed by the Central Bureau, the agent's signature will be compared with the signature of the same agent already in the files. This will make it possible for the Central Bureau to detect any bills of lading which may be sent to it by shippers, who, understanding the system, might fill out bills of lading and mail copies from their own offices. A shipper would not alone have to forge the signature to a bill of lading in order to mislead the Central Bureau, but he would have to forge a validation certificate as well, including the special kind of paper used by the railroad, for in comparing the signatures the clerk in the Central Bureau would also notice that the validation certificate attached was regular. The Central Bureau would then notify a general officer of each road, whose name has been given by the road to the Central Bureau for this purpose, that it had received copies of the bills of lading. This form of receipt reads as follows:

"We have to-day received copy of Bill of Lading No. also copy of Bill of Lading Signature Certificate No., both dated, issued by your Agent at, covering, bales cotton, marked as noted in opposite column, routed via per SS. Line, destined for"

"As soon as masters' receipts are issued by the steamship companies at ports of exit, copies of such receipts will be forwarded to the Central Bureau and will be attached to the validated copy of the bill of lading. The files of the Central Bureau will be manipulated in such manner that bills of lading outstanding for a given number of days will be brought to the notice of those in charge of the Bureau. In all such cases the cotton will actually be traced and located.

"Shippers, after having obtained their bills of lading, are to fill out a notice addressed to the Central Bureau, giving the particulars of bills of lading. These notices are to be attached to the bills of lading, and go forward to the buyer of the foreign exchange. Such buyer is then to detach the notice and mail it to the Central Bureau. The Central Bureau will compare the detail of the notice with the copy of the bill of lading described, attaching the notice to the bill of lading. If there are no discrepancies, the documents will be left until the master's receipts have come forward, when, after comparison, they are also to be attached to the other papers. The documents are then complete, and consist of a signed copy of the bill of lading, together with a signed copy of the validation certificate attached, the notice forwarded by the exchange buyer, and the master's receipt. These papers are then filed by themselves where they can be readily referred to and cover a full history of the cotton shipment. It also leaves the incomplete documents in separate files, where they can be run over quickly at specified times for tracing purposes.

"Every case of error made by railroad agents or others, in listing marks and numbers or other detail, will be corrected before the documents are filed. In case a forged or fraudulently issued bill of lading has been negotiated, the Central Bureau will notify the exchange buyer, but under no other circumstances is the Central Bureau to advise exchange buyers concerning bills of lading.

"This means that no exchange buyers, whether located in New York or other cities, can check up bills of lading before paying for them. The result will be that foreign exchange drawn against cotton as collateral will be paid for on presentation, and that there will be no delay whatever in the movement of cotton. The fear that prevailed among Southern bankers that New York exchange buyers would hold up exchange until the bills of lading had been checked up by the Central Bureau, and possibly refuse it, provided everything was not found in order, is, therefore, groundless. The financing of export cotton, including the method of presentation and payment, would be exactly the same as in the past in every particular, with the exception of the attachment and forwarding of notices to the Central Bureau.

"The detail of the whole plan is comparatively simple as far as American interests are concerned, and each has its compensation in the results obtained from the Central Bureau system.

"The railroad agents under the new plan forward duplicate copies of bills of lading to the Central Bureau, and the roads are enabled to check up the acts of their agents, as they have never been able to do before. The American shipper fills out one additional blank for each bill of lading and by so doing takes his part in the establishment of the system, which will protect him from the illegitimate competition of those who have heretofore been able to buy cotton with other people's money. It is intended to increase the value of cotton bills of lading as collateral and save shippers from losses that might occur through their making purchases of cotton from those dealing in forged or fraudulent bills of lading, and it is argued that the whole standard of the cotton trade would be improved, both in this country and abroad; the honorable shipper, it is claimed, would reap the same benefit which accrued to municipalities when it became necessary to register and certify their bond issues, and American exchange buyers would be benefited through the elimination of all temptation on the part of dishonorable shippers to negotiate forged bills of lading. The entire burden of cost is to be borne by the Central Bureau, and will not fall upon planter, shipper or banker. The system is thoroughly co-operative, is intended to work to the advantage of all engaged in the cotton business, and every feature which could possibly be construed as favoring any special interest has been eliminated.

"It is confidently hoped by the Liverpool Cotton Conference that when the plan is thoroughly understood by American interests that all opposition will be removed, and that it will meet with their entire approval. On this account the Central Bureau was established without waiting for the completion of the other details, which had to be referred to the American interests for their acceptance."

NEW HOLIDAY LEGISLATION 1911.

The following is a record of new holidays created by State legislatures during 1911.

Columbus Day, October 12, has been made a legal holiday in the following States:

Alabama	Oklahoma
Delaware	Oregon
Idaho	Texas
Indiana	Washington
Kansas	West Virginia
Maine	

Thanksgiving Day. In Hawaii, any day appointed by the President of the United States as a day of thanksgiving, "or appointed by the Governor of the Territory as a holiday" shall be a Territorial holiday.

*Called "Discovery Day."

Mardi Gras Day, Tuesday before Ash Wednesday, has been made a legal holiday in Alabama.

Idaho Pioneer Day, June 15, has been made a holiday in Idaho.

The day of holding the annual municipal elec-

tion has been made a half-holiday in Wisconsin in cities of the first class.

In Indiana, Lincoln's birthday, February 12, formerly a holiday has been omitted from the list of days declared legal holidays by the Legislature of 1911.

OPINIONS BY GENERAL COUNSEL.

Summary of Questions Received and Opinions Rendered to Members of the Association.

ABSENCE OF PAYEE'S INDORSEMENT ON CHECK.

Drawee bank not legally obliged to pay check, undorsed by payee, on guaranty—Considerations which justify drawee in paying—Sufficiency of forms of indorsement and guaranty.

No. 1.

From New Jersey.—A issues his check to the order of B. B deposits it in his (B's) bank but neglects to indorse it. B's bank, noticing the omission, stamps upon the back of the check "Deposited to the credit of the within named payee," with the name of the bank following. Does the payer bank acquire such legal title to this check as would warrant it in charging the check to A's account? What would be the effect of the words "Absence of indorsement guaranteed" if added to the above indorsement? The practice is growing among banks to use indorsements similar to that mentioned above, and it would be interesting to have the status of same defined.

No. 2.

From Massachusetts.—A party drew a check on his bank payable as follows: "John Smith and Fred Jones." The check was deposited in another bank with only the first indorsement and was paid by the bank on which it was drawn without noticing the lack of the second indorsement. Some time afterward it was noticed, and the paying bank demanded of the bank to whom they paid it, the money back, on the grounds that the bank's indorsement stamp, which has incorporated in it "indorsements guaranteed," guaranteed the absence of any indorsements; in fact, any defect in the indorsement.

Does a bank's indorsement imply that they guarantee the absence of any indorsement? In a word, can they guarantee something that is not there?

No. 3.

From New York.—One of our corporation clients made their check payable to the Postal Telegraph Cable Company for a certain amount and the same was indorsed "Credit a/c. of Postal Telegraph Cable Company" and rubber-stamped: "The amount of the within check credited to the account of the payee in the National City Bank, of Brooklyn, N. Y. Absence of indorsement guaranteed." The company auditing accounts of the said corporation criticized the indorsement. Kindly advise us if, in your judgment, the item was properly indorsed or not.

No. 4.

From North Dakota.—We would like to have your opinion upon the following indorsement:

Credited to the account of the
within named in
First National Bank,
Bismarck, No. Dak.
Absence of indorsement
guaranteed.

The stamp is made use of when an undorsed check is deposited to the credit of a customer, or when a check is left by one party for the credit of

another. Would the above indorsement take the same standing before the law as though the bank had supplied the indorsement and guaranteed it?

Checks are not infrequently deposited in banks lacking the payee's indorsement. This may be not alone the result of inadvertent omission, but because of the necessary absence of the payee for a longer or shorter period when the check reaches his office; or, again, the check may be deposited by the drawer directly for the payee's credit. Although the payee's indorsement is missing, considerations of diligence suggest that the instrument shall be promptly put in course for payment by those who hold the check on behalf of the payee and presentment not delayed until his indorsement can be obtained. To this end various forms of indorsement or guarantee are placed on the check by the payee's bank of deposit, designed to safeguard the payor bank and induce it to make immediate payment.

Before taking up specifically the questions above submitted, a few general considerations will be pertinent.

At the outset the question presents itself whether a drawee is under any legal obligation to the drawer to pay his checks, when presented by a responsible bank without payee's indorsement, even though accompanied with a satisfactory guarantee of the absence of such indorsement.

It seems quite clear that the drawee is under no such legal obligation. Eliminating, as immaterial to the present inquiry, the question of the drawee's right to have the indorsement of a payee who presents the check in person, whenever the check is drawn to the order of a specified payee and presented for payment by one other than the payee, the law seems to be that the drawee's obligation to, and its authority from, the drawer to pay, is conditional upon proper indorsement of the check by the payee. *Lynch v. First National Bank*, 107 N. Y. 184; *Rowley v. National Bank of Deposit*, 18 N. Y. Supp. 545. Where, therefore, the payee's indorsement is missing, the drawee bank is under no legal obligation to the drawer to pay his check to the payee's bank, even though the latter guarantees absence of indorsement.

This leads to the further question, whether, assuming a sufficient guarantee, the drawee, though not obligated, is justified in making payment in such cases. This, of course, primarily is a question for its own decision. In the *Lynch* case, above cited, *Ruger Ch. J.*, discussing payment by a drawee of a check without indorsement of the payee, says: "The depositor, if it pays to the holder without such indorsement, runs the risk of the transaction and takes the burden of showing that such holder has acquired in some way the lawful title to receive the funds. It

may successfully defend such a payment if it can show that it made it to a person who, as against the drawer, was legally entitled to receive it for, in that event, the drawer would suffer no damage thereby." In this connection, it may further be noted that under the Negotiable Instruments Law an instrument may be transferred without indorsement and the transferee acquire such title as the transferor had therein, together with the right to have the indorsement of the transferor.

The legal position of the drawee, then, seems to be this: It is not obliged to pay on guaranty, where payee's indorsement lacking, and if it does so, takes the risk of the payment being invalid, but wherever it can show that the payment is made to one who, as against the drawer, is legally entitled thereto, the payment is chargeable to the drawer, who cannot object, not being damaged.

This being the drawee's legal position, the considerations which would influence its making payment on guaranty would seem to be these: Such payments in the large majority of cases would facilitate the transaction of business, be an accommodation to the payee and be valid and chargeable to the drawer's account. In the small minority of cases where the payee's title, and consequently that of his bank of deposit, was defective, so that the payment would be invalid and not chargeable, the guaranty would protect the bank. Unless, therefore, there was some controlling reason why the interest of the drawer would be better served by refusing payment—and the drawee's first duty is to the drawer—it would seem that as a general rule a drawee bank would be justified in paying on a satisfactory guaranty, as such course would facilitate business and obviate inconvenience in the great majority of cases. Looking at the question from the standpoint of the drawer, there might, in some cases, be special reasons why the drawer would object. Most customers of a bank desire the payee's indorsement as a voucher evidencing payment, and while some might regard the statement on the back of the check that the amount had been credited to the payee's account as satisfactory, others might insist that they were entitled to the payee's indorsement and object to the substitute. A bank, knowing in advance the desire of a special drawer in this particular, would doubtless refuse payment on guaranty of the absent indorsement; whether, after payment on guaranty in any case, the drawer could maintain the position that the check was not properly chargeable, is quite doubtful for, according to the opinion already quoted, the bank may "successfully defend such a payment if it can show that it made it to person who, as against the drawer, was legally entitled to receive it for, in that event, the drawer would suffer no damage thereby." Again, suppose this case: An account or claim between payee and drawer is in dispute or unliquidated. According to the decisions the acceptance by the creditor of the debtor's check for an amount stated to be "in full" of such claim, bars the creditor from thereafter recovering anything more, the rule differing in this respect from that which applies to accounts or claims for a settled amount, not in dispute. In settlement of such disputed claim, the drawer mails the payee his check for an amount stated to

be "in full." This check is not indorsed by the payee, but is deposited to his credit by one of his clerks in his absence and comes through and is paid by the drawee upon guaranty of the absent indorsement. Here is a case where the drawer desires the acceptance of the amount by the payee to be evidenced by the latter's unequivocal indorsement and the question whether the claim has, or has not, been fully paid, not left open for future contention, should the payee afterwards repudiate it and contend that the check had been received and collected in his absence without his authority.

Enough has been said to indicate that there may be special cases where payment of unindorsed checks upon guaranty would be contrary to the desires or to the best interests of the drawer while, on the other hand, in the great majority of cases, such payments would be justifiable on grounds of business convenience. As shown, the bank is not legally obliged to pay and whether it does, or not, is for its own judgment and decision in view of all the considerations which affect the question.

Coming now to consider the effectiveness of the different forms of indorsement or guaranty suggested, and what would be a satisfactory guaranty to fully safeguard the bank where it decides to pay an unindorsed check on guaranty. One form suggested is simply

"Deposited to credit of within named payee
in C Bank,"

or
"Credited to account of within named payee
in C Bank."

These forms indicate that the money paid has gone to the payee's bank for his account and credit. If they indicated in all cases title to the check, actual or presumptive, in the payee's bank, they would be all sufficient, for the bank would be responsible as owner for lack of payee's title or want of genuineness of any part of the instrument other than drawer's signature. But the courts are not unanimous in regarding the bank of deposit as owner of the instrument or the indorsement "for deposit" as unrestricted, and to obviate the chance that the bank of deposit might, by some courts, be held a mere agent of the payee and not responsible for the proceeds where, for example, the check had been raised or had been stolen by the payee after execution and without delivery, the drawee bank would be better safeguarded by the addition of a satisfactory guaranty.

This brings us to the discussion of sufficiency of the form "absence of indorsement guaranteed" which, so far as I am aware, has not as yet been construed by the courts in this connection. Just what is covered by a guaranty of absence of payee's indorsement? Is it to be construed as (1) an engagement to be responsible to the same extent as if the payee had personally indorsed the instrument or (2) additionally as a warranty that the payee has a good and enforceable title or (3) broader still, as a warranty to save the drawee harmless from any loss which may be suffered because of paying the instrument? Until the courts definitely construe this particular form of guaranty, the question as to what it covers and how far it protects must continue to be somewhat speculative.

What the drawee wants is an assurance that the payee's title is good and that the check is genuine in all respects (aside from the drawer's signature). If the bank of deposit is presumptive owner of the check, it is responsible for this without any special guaranty. But we are providing for the case where such bank may be held to be an agent and the question is whether the guarantee of absence of indorsement covers the above. Suppose, for example, the payee had raised the check—would the guarantee cover this, or only be held the equivalent of a valid indorsement and not a warranty of the body of the check? In *Nashville Bank of Rolla v. First Nat. Bank of Salem*, 125 S. W., 512, a guarantee of indorsements was held only to apply to the indorsers and not to the body of the check and while the courts will probably differ as to this there is the possibility that it might equally be held that a guarantee of absence of indorsement was only the equivalent of a valid indorsement and was not a warranty by the agent bank of the body of the check. This leads to the conclusion that while the guaranty of absence of payee's indorsement may be sufficient, it might be better for the drawee to require a more specific guarantee covering just what matters it needs to be safeguarded against, such for example, as a guaranty of genuineness of instrument and indefeasible title of payee or, still broader, a guarantee to save the drawee harmless from all loss which it may incur by paying the check.

Taking up now the specific questions. First, from New Jersey. Where the payee fails to indorse and the bank, noticing the omission, stamps "Deposited to credit of within named payee" with name of bank, the question is whether the drawee acquires such legal title as would warrant it in charging the check to the drawer's account. From the foregoing discussion we reach the conclusion that if the payee was entitled to the money—and this would generally be the case—the drawee bank would be protected in charging the check to the drawer's account; but the drawee would take the risk and if the check had been raised, or the payee without title, it could not charge the amount to the drawer and, there being no guaranty, the responsibility of the bank of deposit to refund would depend upon whether it was owner, or mere agent of the payee to collect, as explained above. The further question of the effect of "absence of indorsement guaranteed" has also been discussed.

From Massachusetts. A check payable to two, is indorsed by one and deposited. Bank stamps "Indorsements guaranteed" and check is paid by drawee. Afterwards, drawee demands money back and question is raised whether "Indorsements guaranteed" covers a missing indorsement? Taken literally, the words "Indorsements guaranteed" would imply that there is a prior indorsement or indorsements, the genuineness and sufficiency of which are warranted. In this case, there was one payee's indorsement and it would not be unreasonable to construe the guaranty as intending to warrant that the indorsing payee had authority from the other, and his indorsement was sufficient for both. But even in a case where there is an entire absence of indorsement, it is not likely that the courts would so literally construe the guaranty as to hold that, there being no

indorsement, there was nothing to which the guaranty applied. I think it more likely the courts would hold the intent was to guarantee against loss or injury caused by the absence of the indorsement. I think in the present case, assuming the transfer without authority of the non-indorsing payee, the drawee would be held entitled to recover.

The questions from New York and from North Dakota are sufficiently covered by what has already been said.

THE "PAID" STAMP.

Bank stamping check "paid" and receiving payment is responsible, where presumptive owner, for title and genuineness, but where agent, should be required to expressly guarantee genuineness.—Cashing check on indorsement of agent.

From Nebraska.—1. We have been clearing with the other two banks here in the city, since we opened for business in July last, and just clear between the banks as, of course, we have no clearing house. The question comes up as to their indorsement. They just indorse our checks, which they cash and clear on us with their regular paid stamp, with which they mark their own paid, the same being placed on the back of the checks, as follows:

PAID
Sept. 19, 1911
A. B. NATIONAL BANK
Nebr.

The stamp we indorse their checks with is as follows:

PAY YOURSELVES
or order
C. D. STATE BANK
Nebr.
E. F., Cashier.

Would you regard their indorsement as sufficient and good?

2. Also supposing we should cash one of their checks which had been given an agent for a firm, but made payable to the firm, on the indorsement of the firm by the agent and afterwards, say thirty days, it turns out the firm did not receive the money and this agent had no authority to indorse checks, etc.—who would be the loser in this? The other bank could come back on us on our indorsement, could they not, although say, thirty days have passed? Any information you can give me on the above will be appreciated.

1. In all cases where the bank receiving payment is actually or presumptively owner of the instrument, it is responsible to the payor bank for want of genuineness of any part of the instrument except drawer's signature. The rule applies that money paid under a mistake of fact to one not entitled to receive it may be recovered. *White v. Continental Nat. Bank*, 64 N. Y., 316. This responsibility exists irrespective of the "paid" stamp which, however, is useful as evidence of receipt of the money. But if in any case the check should be indorsed "for collection" or otherwise restrictively indorsed so as to indicate that the collecting bank was an agent and not owner, the "paid" stamp of the agent would not be

sufficient and your bank should require an express guaranty of genuineness before making payment.

2. Where a bank cashes for an agent a check indorsed by him in the firm name without authority and receives payment from the drawee, it would be liable to the latter for the money and its liability would not be limited to 30 days.

CHECK TO WRONG PAYEE.

Where drawer of a check who owes "G. P. B." by mistake draws and mails his check to "G. A. B." and latter receives and cashes check, opinion that as between drawer of check and bank on which it is drawn, former is the loser.

From South Carolina.—The First National Bank cashed the following check:

No. 2754 Columbia, S. C., Jan. 1, 1901.
First National Bank
Pay to the order of George A. Bent.....
One hundred thirty-three and 50-100....Dollars
\$133.50 R. W. Russell.

This check contained this indorsement on the back:

George A. Bent.

The maker of this check owed George P. Bent \$133.50, but by mistake he filled out the check to George A. Bent and mailed it in an envelope addressed to Geo. A. Bent, and the latter received it and bank cashed it for him.

As between the maker and the bank, who loses the money paid?

I think in this particular case as between the maker of the check and the bank on which it was drawn, the former would be held the loser. While the general rule is that indorsement of a check by one of the same, or nearly the same, name as the payee but not the payee intended, is a forgery and payment thereof not chargeable to the depositor, the courts make an exception where through the negligence of the maker of the check it has been forwarded to the wrong person and payment to such person is a result of such negligence. The recent decision of the Supreme Court of Ohio in *S. Weisberger Co. v. Barberton Savings Bank Co.*, 95 N. E., 379, is in point and the following is the official syllabus of that case, showing the facts and decision:

"W., being indebted to R., whose place of business W. knew to be 48 Walker Street, New York City, drew a check on his local bank of deposit in favor of R. for the amount of the debt, without designating therein his place of business, and inclosed the check with a letter in an envelope which he through mistake addressed to R., 48 Walker Street, Cleveland, Ohio, and caused the envelope and contents so addressed to be mailed in the usual way, and it arrived in Cleveland in due course of mail, where the letter carrier found no one of that name on Walker Street of that city, but found a man whose name was R., on Henry Street, and to whom the carrier delivered the letter. He opened it and took possession of the check, and by indorsing the name R. on the back thereof, obtained the cash from an acquaintance, who indorsed and deposited said check in his bank of deposit in Cleveland. The latter bank indorsed it over to another bank in the same city, guaranteeing prior indorsements, and this bank indorsed it payable to any bank or bearer, guaranteeing all prior indorsements, and

in this condition it was presented to the drawee bank, and by it paid and charged to W.'s account, it having no knowledge of said mistake in addressing the letter. W. afterwards discharged his debt to the New York creditor by other means, and brings suit against the drawee bank to recover the amount of the check so charged to his account.

"Held, the drawer of the check was first in fault, and as his negligence contributed directly to its wrongful and fraudulent appropriation, he is not entitled to recover."

CHECK DELIVERED TO WRONG PERSON.

Railroad pay check payable to J, delivered by agent of drawer to impersonator of J—Question of responsibility of drawer.

From Idaho.—The Oregon Short Line Railway makes out its pay checks in Salt Lake City and sends them to Pocatello, Idaho, to be delivered to its employees at this point, and banks here have been in the habit of paying them when presented at the window, to the parties holding them, and indorsing them as payees, without requiring identification as such payees.

As an instance: The cashier at the freight house delivered a check to a fireman calling for the check of R. E. Jones, not knowing whether it was R. E. Jones or not; this man came to the bank and indorsed the check as R. E. Jones and we paid him the money. Later the real R. E. Jones called for his check and was told that it had been delivered. He said that if it had been delivered it was to the wrong party and we had to stand the loss. We still have the check and are trying to locate the man who cashed the check.

Can we recover from the Railway Company for not using due diligence in ascertaining whether it is delivering its checks to the right party or not? We cannot identify the man who cashed the check. The cashier does not know whether he delivered the check to R. E. Jones or not.

You do not state whether the check in question was drawn on your bank. If so drawn, I think it quite probable under the decision of the Supreme Court of Ohio in *S. Weisberger Co. v. Barberton Savings Bank Co.*, 95 N. E., 379, that you could hold the railroad company liable for the amount. That case is to the effect that where the drawer of a check is guilty of negligence in placing it in the hands of a person other than the real payee, he must stand the loss as between himself and the bank upon which the check is drawn. In your case the drawer, through its agent, is guilty of such negligence.

But I assume that the check was not drawn on your bank but on a bank in Salt Lake and was merely cashed by your bank as an intermediary before being sent on for payment. If so, there is more question whether the rule in the *Weisberger* case would apply as the courts recognize a difference between the duty which the drawer of a check owes the bank upon which the check is drawn with respect to care in execution and delivery, and the duty which he owes a commercial purchaser.

Aside from the above, there is a line of cases which hold that where the drawer makes his check payable to Jones and delivers it to another person in the belief that such other is Jones, the indorsement by the holder in the name of Jones is not a forgery

but by the precise person intended to receive the money. If the facts in your case would bring it within the application of this rule, you would be protected either as purchaser or payor of the check. Here the drawer who made his check payable to Jones did not personally deliver it but forwarded it to an agent and such agent made the delivery. But I think the act and intent of the agent would be held to be that of his principal, and that the reasoning and rule of these cases might apply; in other words, it might be held under the circumstances that the indorsement was not a forgery but by the precise person intended by the drawer to receive the money. For cases on this point, see *Trust Co. v. Bank*, 196 Pa., 230, 211 Pa. 211; *Bank v. Shotwell*, 35 Kan., 360; *U. S. v. Bank*, 45 Fed., 163.

NOTE PAYABLE AT BANK.

Equivalent to order to bank to pay for account of maker.

From Pennsylvania.—Is it not considered a legal authorization for a bank to pay a note at maturity and charge to the account of drawer, when made "Payable at A _____ Bank," if the drawer's account is good for the amount and no order has been given that such note shall not be paid; or must a specific notice be given to pay the same or all notes so drawn when there shall be sufficient funds in the account to cover them?

The authority and duty of a bank is to pay a customer's note made payable at the bank without express instructions from the customer. The Negotiable Instruments Law provides:

"Where the instrument is made payable at a bank it is equivalent to an order to the bank to pay the same for the account of the principal debtor thereon."

NOTE PAYABLE AT BANK.

Purpose of Section of Negotiable Instruments Law making note payable at bank equivalent to order to pay for account of maker, is to oblige, as well as authorize, bank to pay when in funds and it was enacted to clear up conflict in decisions.

From West Virginia.—In your October issue you refer to the provision of the Negotiable Instruments Law in the case of a note made payable at a bank, with the comment that "Payment by the bank at maturity and charge to the account of the maker is proper."

Is that all? We have a Cashier in this city who, when a note payable at the bank with which he is connected is presented, always answers, in a tone that makes a Notary chill from the base of his neck to the tip of his spine, "We have no instructions."

Is it not the intent of the law that a note, payable in bank, at maturity becomes as much of an order against the balance of an individual, firm or corporation, as if it were a check, post-dated? Have there been any decisions as yet on the point?

I understand the purpose and intent of the Section of the Negotiable Instruments Law in question to be not only to authorize but to oblige the bank to make payment, at maturity, of a customer's note made payable at the bank when the funds of the maker are sufficient for that purpose. Before the

act the decisions on this point in the different States were conflicting, it being variously held (1) the bank was obliged to pay; (2) the bank was authorized but not obliged to pay; (3) the bank was not authorized to pay in the absence of express instructions from the customer.

To clear up the conflict and make the law uniform, the section referred to was incorporated in the Negotiable Instruments Law under which the bank is not only authorized but obliged to pay its customer's note, made payable at the bank, where the funds are sufficient. It may be mentioned that the Illinois and Nebraska acts omit this section.

You ask whether there have been any decisions under this section. In *Elliott v. Worcester Trust Co.*, 189 Mass., 542, the court, referring to the section, holds that thereunder the bank should pay the customer's notes made payable at its banking room but says that the obligation "should not include notes made long before, payable at another bank."

NOTE PAYABLE AT BANK.

In event maker does not desire bank to pay at maturity it is necessary for him to stop payment. Question of responsibility of bank for refusing payment.

From Alabama.—Would you kindly advise us how if we should fail to pay a note at maturity, when the maker has sufficient funds at maturity to pay the note, but he wishes to not have the note paid? Sometimes depositors wish to put off payment in order to use their funds for other purposes. In such cases, if the depositor does not want the note paid, should we require an order from him not to pay at maturity? If we should fail to pay a note at maturity, when there are sufficient funds, could the bank be held for the amount?

We ask these questions because many of our depositors are not accustomed to having their notes charged to their account.

By force of the Negotiable Instruments Law, a note of your customer made payable at your bank is "equivalent to an order to pay the same" for his account at maturity, provided, of course, the funds are sufficient. If the maker does not want the note to have this effect it would be necessary for him, I think, to give you an order not to pay at maturity; for, in the absence of such an express instruction not to pay, the rule of the Negotiable Instruments Law which authorizes and makes it your duty to pay, is your guide.

You ask: "If we should fail to pay the note at maturity when there are sufficient funds, can the bank be held for the amount?" As the note does not of itself constitute an assignment of the fund in bank to the payee or holder, the latter would have no recourse upon you in case of your refusal to pay, but would have to look to the maker or any prior indorsers; and where your refusal was pursuant to stop order of your customer, you, of course, would not be responsible to him for obeying his instructions. But if you refused to pay such a note at maturity without an express order from your customer not to pay and he afterwards made the claim that it was your duty to pay, pursuant to law, and that your refusal damaged his credit, the question would arise

whether you were responsible to him in damages because of such refusal. Where a bank refuses to pay a check, when in funds, the courts in an action by the depositor have in many cases awarded him damages for injury to his credit. It would seem that the same principle would apply to wrongful refusal to pay a customer's note, made payable at the bank, which by the law is made equivalent as an order to pay. At the same time this question has never come up for decision, so far as I am aware, since this Section of the Negotiable Instruments Law has been in force in any State.

NOTE PAYABLE AT BRANCH BANK.

Where a note is made payable at a designated branch office of a bank, presentment for payment at the main office of the bank in the same city is not sufficient to hold an indorser.

From Michigan.—A controversy has arisen among certain bank men of Detroit, as to the legality of the protest of a note payable at a branch bank, when the presentation for payment is made by the notary at the main office only.

The circumstances are as follows: The Detroit bank receives for collection, subject to protest, a note for \$500.00, which states distinctly "Payable at the Johnson Avenue Branch of the Wolverine Savings Bank." All notes and checks of the branch banks being cleared through the main office, this note was put through the Clearing House in the usual way and was returned unpaid.

The notary then presented the note at the main office for payment, which was refused; note being duly protested and returned to indorser. The indorser returned the note with the statement that payer refused to reimburse payee because note was not presented at branch where it was payable and where there were funds to care for it.

I appreciate the fact that, if it is not necessary to present at branch office, the bank is liable in refusing payment when there were funds at the branch to take care of the note, but laying aside this fact, that there were funds at the branch bank, do you think presentation for protest of any check drawn on a branch bank, or a note payable at a branch, at the main office only, sufficient to hold?

It was held in *Ironclad Mfg. Co. v. Sackin*, 114 N. Y. Supp., 42 (decision of the Appellate Division, Second Department, Supreme Court, reversing lower court), that where a note is made payable at a designated branch office of a trust company maintaining a principal office and several branches in the same county, presentment at the principal office of the trust company on the due date of the note is insufficient as against an indorser. In this case the note was also presented at the designated branch on the day following its due date after banking hours, but this, also, was held not sufficient.

In the case stated, the note was by its terms made payable at the Jenkins Trust Company, Bath Beach Branch, Brooklyn. It was presented at the principal office of the trust company on the due date and at the Bath Beach Branch on the following day after banking hours. The court quoted the following provision of the Negotiable Instruments Law: "Presentment for payment is made at the proper place; (1) where a place of payment is specified in the instrument and it is there presented"; and said:

"The place where the Bath Beach branch of the trust company did business was not the place where the principal offices of the trust company, at which the note was presented on the due date, were maintained. It therefore was not presented at the place designated for its payment, and there was no sufficient presentment to charge indorsers."

This is the only case I know of in which this precise question has been decided.

DRAFT PAYABLE "ON ARRIVAL OF CAR."

Not negotiable and not properly subject of protest.

From Ohio.—To-day we received a draft drawn "at sight on arrival of car." The draft was dated at Milwaukee and bore the indorsement of the bank in which it was deposited in Milwaukee and a bank in Chicago. Our instructions, received from the Chicago bank, were **Protest** and the time due "on arrival of car." Wire non-payment direct to Blank Bank, Milwaukee.

Draft was presented and refused for two reasons—goods had not arrived and a minor one, because the draft had not been sent to a certain bank in Cincinnati with whom the drawer does his banking business. We wired the non-payment, but did not protest. Are indorsers released? Should we protest on non-payment on arrival—we having no way of receiving notice of arrival?

I do not understand that a draft payable "at sight on arrival of car" is a negotiable instrument upon which protest is required, when a foreign bill, to hold indorsers under the Negotiable Instruments Law. To be negotiable the draft must contain an "unconditional" order and an order to pay conditioned upon arrival of car is not unconditional, as the car may never arrive.

The Negotiable Instruments Law which requires protest of foreign bills of exchange and discharges the drawer and indorsers if not protested only relates to negotiable instruments. The act does not affect the rights of parties to non-negotiable instruments. *Westberg v. Chicago Lumber Co.*, 117 Wis., 589.

According to the law merchant protest is only required in the case of negotiable bills. To quote from Daniel on Negotiable Instruments (Sec. 927): "The law merchant requires a protest and notice only in cases of bills negotiable by custom of merchants." Where bills are not of this character "no protest is necessary nor is it, unless by statute, evidence of any fact therein stated." (Citing *Bank v. Brown*, 42 Ala., 108; *Ford v. Mitchell*, 15 Wis., 304.)

The courts are not all agreed as to the liability assumed by indorsers of non-negotiable bills. Many courts, however, hold that the liability is not conditioned on demand or protest but amounts to a guaranty of payment.

Without taking time to go into this further it would seem that you have done everything necessary in the exercise of due diligence as a collecting agent. You were instructed to protest but as the goods had not arrived payment was properly refused and protest even if justifiable would have been premature; furthermore even had the goods arrived, it is difficult to see the efficacy of protesting a non-negotiable draft except as a matter of formal compliance with instructions.

GARNISHMENT OF BANK ACCOUNT.

Bank subject to garnishment against funds of A although A keeps his account in name of B.—In case of bank's outstanding drafts payable to A, judgment will not be rendered against garnishee bank unless drafts delivered into court or until they mature and it is shown A still holds them.

From Arkansas.—We have a customer who has been in trouble several times and who carries his funds on deposit with our institution in his father's name, but subject to the check of himself, only by signing his father's name to the checks. To-day we were served with a garnishment against the man in his own name—not his father's—and we would ask whether this garnishment will affect the man's balance, even if it is in his father's name.

This party also has purchased drafts from us which he has not cashed and the question comes up, can these drafts be affected in any manner by a garnishment?

1. If the deposit belongs to your customer, and not to his father, I think the account is subject to garnishment although carried in the father's name.

2. Concerning your drafts which the customer has purchased but not cashed, the decision of your Supreme Court in *Head v. Cole*, 53 Ark., 523, shows that the courts will protect you fully. In that case the maker of a note was garnished by a creditor of the payee before maturity and while the note was still in the payee's possession. The payee afterwards transferred the note before maturity to an innocent purchaser. The court said: "Although the payee held this note, it was not due; and, as no steps were taken to impound it, he was able to transfer it with all the evidences of ownership and authority; and a purchaser took it with no notice of the garnishment but with the apparent guaranty usually attendant upon the transfer of commercial paper. The protection to purchasers of such paper would be destroyed if their rights were affected by proceedings against any or all of the prior parties of which they had no notice. Where it appears that the garnishee is a debtor on commercial paper given to or held by the defendant, the court should decline to render any judgment against the garnishee unless it first compels the delivery of the paper into court, or until the paper matures and it is made to appear that the defendant still holds it. That is to say, the court should protect the garnishee against the danger of paying a debt twice without destroying the essential properties of commercial paper, which we are confident the Legislature never intended to impair by the enactment in reference to garnishments."

CORPORATION NOTE.

Note reading, "We promise to pay" signed "H. Co., J. Treas.," generally held to be note of corporation alone equally as if word "by" prefixed to name of Treasurer and latter not personally liable.—Point not yet decided in New York.

From New York.—Will you kindly give us your opinion as to whether the Treasurer of a corporation becomes individually liable for the payment of a note executed as follows:

Buffalo, N. Y., June 4, 1911.

\$1,000.00
On demand after date, we promise to pay to the order of ourselves at the First National Bank, Buffalo, N. Y., One Thousand Dollars. Value received with interest.

Home Hardware Co.

H. I. Jones, Treas.

Indorsed, Home Hardware Co.

H. I. Jones, Treas.

I think it somewhat doubtful under the New York decisions whether H. I. Jones could be held individually liable on this note. According to decisions in a number of States such a form of obligation is regarded as that of the corporation alone, the same as if the word "by" was prefixed to the name of the officer who signs the contract. But in one or two States, the note is held to bind both the corporation and the individual officer.

In New York, this precise form does not appear to have come before the courts. In *Casco Nat. Bank v. Clark*, 139 N. Y., 307, the note read, "we promise to pay," and was signed "John Clark, Pres., E. H. Close, Treas.," and across the left margin was printed the words "Ridgewood Ice Co." It was held that Clark and Close were individually liable on the note and they were not allowed to show as against an innocent purchaser that it was executed for a debt of the corporation. The same decision was made concerning a similar form of note in *Bank v. Wallace*, 150 N. Y., 455. The Court of Appeals in *Casco Nat. Bank v. Clark*, said:

"Where a negotiable promissory note has been given for the payment of a debt contracted by a corporation, and the language of the promise does not disclose the corporate obligation, and the signatures to the paper are in the names of individuals, a holder, taking bona fide and without notice of the circumstances of its making, is entitled to hold the note as the personal undertaking of its signers, notwithstanding they affix to their names the title of an office. Such an affix will be regarded as descriptive of the person, and not of the character of the liability. Unless the promise purports to be by the corporation, it is that of the persons who subscribed to it; and the fact of adding to their names an abbreviation of some official title has no legal significance as qualifying their obligation, and imposes no obligation upon the corporation whose officers they may be. This rule is founded on the general principle that in a contract every material thing must be definitely expressed, and not left to conjecture. Unless the language creates, or fairly implies, the undertaking of the corporation, if the purpose is equivocal, the obligation is that of its apparent makers."

In a more recent New York case, *Dunbar Box & Lumber Co. v. Martin*, 103 N. Y. Supp., 91, the note read, "we promise to pay," and was signed

Varick Contracting Co.,

John L. Martin.

The payee sued the executrix of Martin and a verdict was directed for the plaintiff on the theory that the note was unambiguous and on its face the individual note of Martin. But the New York Supreme Court, Appellate Term, reversed the judgment and held the note ambiguous; that it did not appear absolutely to be the personal note of Martin and that parol evidence would be admissible to show that the note was the Company's note and had been accepted by the payee for a debt of the Company.

The Negotiable Instruments Law provides:

"Where the instrument contains or a person adds to his signature words indicating that he signs for or on behalf of a principal, or in a representative capacity, he is not liable on the instrument if he was duly authorized, but the mere addition of words describing him as an agent or as filling a representative character, without disclosing his principal, does not exempt him from personal liability."

The question in the present case would be whether in a note reading "we promise to pay," the signature "Home Hardware Co., H. I. Jones, Treas.," indicates that Jones signs for on behalf of the Hardware Company? If the words "Home Hardware Company" had been printed on the margin and not subscribed to the note, the instrument would be the individual obligation of Jones, as settled by the Court of Appeals in the Casco bank case. But in the later case of Dunbar Co. v. Martin, where the form of signature was similar to that of the note in question, except that no suffix such as "Treas." was added to Martin's signature, the court as above shown, said the note did not "appear absolutely to be the personal note" of Martin. If, as in the present case, the word "Treas." had been added, there would be stronger reason for holding that the individual signing as "treasurer" was not personally liable.

It therefore remains doubtful just what construction the New York courts would place upon the form of note inquired of. It might be held, on its face, to import a corporate obligation or it might be held, as in the Dunbar-Martin case, to be ambiguous, and if the latter, parol evidence would be admissible, as against a holder taking directly from the maker, to show that no personal obligation was intended; but if the note was in the hands of a holder in due course it is doubtful whether parol evidence would be admissible. *Megowan v. Peterson*, 173 N. Y., 1.

Without further discussion, it can only be said that, until the New York courts positively decide the import of a note reading "We promise to pay" and signed with the name of a corporation followed by the name of an individual with the affix "Treas." but without the prefix "By," the question is doubtful whether or not the note is that of the corporation alone, but in view of the fact that a number of courts in other States have held the instrument is the obligation of the corporation alone, with equal effect as if the word "By" was prefixed, while the contrary view is that of a small minority, the probability is that the New York courts would accord with the majority.

GUARANTY BY BOND SALESMAN.

Liability on individual guarantee of securities sold.

From Illinois.—Kindly advise us to what extent a bond or loan salesman can be held liable on his individual guarantee on securities sold where there is no other interest involved than the profit in the sale.

There is an absence of decisions involving this class of guarantees. I think such a guarantee would be based on sufficient consideration and that the liability of the guarantor would extend or be limited according to the terms of his agreement strictly con-

strued. In *Edwards v. Noel*, 72 Mo. App., 131, a bond broker wrote plaintiff concerning certain bonds then on the market, stating all the facts regarding the security and adding that he considered them in every way desirable. Plaintiff by letter ordered \$1,500 worth of the bonds, adding: "If they are sold before you receive this letter send me next best you have to this amount. Only send me bonds you can guarantee." The bonds being in denominations of \$1,000, one of these bonds and a \$500 bond on different security were sent him. Subsequently plaintiff paid for both bonds. It was held that plaintiff's demand for guaranty related only to bonds other than those described in the broker's first letter.

PROTEST OF CHECK.

Protest not authorized where payment of check refused because of incorrect indorsement.

From Pennsylvania.—Will you please advise whether or not a check which has been presented to a bank for payment and payment is refused on account of an incorrect indorsement can be protested for that reason.

The Negotiable Instruments Law provides:

"Where any negotiable instrument has been dishonored it may be protested for non-acceptance or non-payment, as the case may be; but protest is not required, except in the case of foreign bills of exchange."

Protest, then, of a check, is only authorized where it has been "dishonored" by non-payment. The Act further provides:

"The instrument is dishonored by non-payment when:

1. It is duly presented for payment and payment is refused or cannot be obtained; or
2. Presentment is excused and the instrument is overdue and unpaid."

In order to authorize protest, therefore, the check must be "duly" presented for payment. I think a holder under "incorrect indorsement" is not entitled to demand payment; hence there can be no due presentment of such a check and no dishonor by non-payment which would authorize a protest. In other words, the refusal to pay because of "incorrect indorsement" is not a dishonor of the instrument which justifies a protest.

COMPETENCY OF NOTARY.

Pennsylvania statute prohibits directors of banks from acting as notary for the bank.—Opinion that this statute disqualifies notary who is director of national bank from protesting check for his own bank.

From Pennsylvania.—Please advise whether a director of a National bank in Pennsylvania can protest a check for his own bank. Should he do so is it legal, and can the fee be collected?

By Act of the 24th of March, 1903, the Legislature of Pennsylvania, provided:

"Hereafter any stockholder, director or clerk, in any bank, banking institution or trust company may, at the same time, hold, exercise or enjoy the office of notary public: Providing, That no stockholder, director or clerk, in any bank,

banking institution, or trust company, shall do or perform any act or acts as notary public, or perform any duty or duties of notary public, for such bank, banking institution, or trust company, in which he or she may be a stockholder, director or clerk; and any act or acts, duty or duties, performed by any notary public of any bank, banking institution, or trust company, in which he or she may be a stockholder, director or clerk, is and are hereby declared invalid."

Later by Act approved April 27, 1909, the prohibition against stockholders of banks acting as notaries for such banks was removed but still exists as to directors and clerks.

I presume this act would apply to and disqualify the director of a national bank in Pennsylvania from performing any act as notary for the bank, equally as to directors of State institutions. While, of course, the State cannot prescribe the qualifications of a director of a National bank, it is equally clear that it is within its province to prescribe the qualifications or disqualifications of notaries public, who are State officers, and the act in effect disqualifies a notary who is a director of a bank from performing notarial acts for the institution.

COMPETENCY OF NOTARY.

In Kansas, a notary who is officer and stockholder of bank, is competent to protest bank's paper as well as take acknowledgments of real estate mortgages to bank.

From Kansas.—I am cashier, director and stockholder of a bank here. Would I be competent as a Notary to protest paper of this bank, and make acknowledgments of real estate mortgages to this bank? Also what would be the effect in cases of this kind where the matter is handled by an Assistant Cashier not a stockholder.

I think in the State of Kansas a notary who is an officer and stockholder of a bank would be competent to protest the bank's paper, as well as take acknowledgments of real estate mortgages to the bank. In 1905 a statute was passed by the Kansas Legislature (Chap. 311, Laws 1905), giving notaries authority to take acknowledgments and administer oaths, which expressly included "the acknowledgment of any such instrument when executed to or by any corporation, or the administering of oaths to officers, agents or employees of corporations in which any such notary public may be interested as a stockholder, officer or employee; provided, that no such notary public shall take an acknowledgment or administer an oath when acting himself in behalf of such corporation."

Under this statute the competency of a notary, though an officer and stockholder, to take acknowledgments of mortgages running to the bank is expressly provided, except where he himself acts in behalf of the bank in taking the mortgage; and I presume the courts would hold the notary competent to protest the bank's paper. See *Fair v. Citizens State Bank*, decided by the Supreme Court of Kansas in 1905, where an affidavit of a renewal of a chattel mortgage in favor of a corporation was sworn to before a notary who was an officer and stockholder of the corporation and the court held it was not void, but only voidable, and imparted constructive notice

of the lien of the mortgage. I think it probable, in view of this decision as to affidavits and the Kansas statute as to acknowledgments, that a notary public would be held competent, in Kansas, to make protest of paper owned by the bank, even though he was a stockholder of the institution.

Where the notary is an officer and not a stockholder the reasons which make for his competency are much stronger as he has no proprietary interest in the institution.

FORGERY OF DRAWEE'S NAME.

Where A's check on D bank is paid and afterwards A transfers his account to C bank and the same check, with date altered and name of drawee changed to C bank, is presented by D bank to C bank and paid, opinion that D bank is responsible to C bank.

From Oklahoma.—On January 11, 1910, a merchant, A, gave his check on the D State Bank payable to order of B. The check was indorsed by B; and was paid six days later. Subsequently the merchant transferred his account from the D State Bank to the C State Bank of the same place, which latter, being a new bank, frequently paid checks on the blanks of the D bank with the D scratched out and C written over. On July 17, 1911, this same check with date altered to July 11, 1911, and with name of C bank substituted as drawee for D bank and bearing an additional indorsement under that of B, was presented to the C bank by the D bank and paid. Later the depositor A proved conclusively that the check so paid was the identical check which had been paid over a year previous by the D bank and charged to his account, although it showed no marks of cancellation. The cashier of the D bank does not know where he got the check and refused to make its amount good to the C bank. Who loses?

In my opinion, the C State Bank is entitled to recover from the D State Bank the money paid on this check. The forgery is not of the drawer's signature, in which event the payor bank might be responsible, but of other parts of the check, including name of drawee. Responsibility for these matters rests with the bank which first cashed the altered check, equally with the payor bank and the general rule would operate in favor of the drawee that money paid under a mutual mistake of fact, without consideration, is recoverable.

This case is certainly interesting as showing what can be done with a check once paid, where it is not properly cancelled, and also shows the danger of accrediting checks on banks where the blanks of other banks are used and the drawee substituted.

NOTES GIVEN ON SUNDAY.

At common law a note executed and delivered on Sunday is valid, but in many States the courts have held such notes void by reason of Sunday statutes.—In New York such notes probably valid.

From New York.—Your opinion on the following questions will be very much appreciated:

Is a note valid if made and dated on Sunday?

Is a note valid if made on week day and dated on Sunday?

Is a note valid when dated on Sunday if given as a renewal of a note whose expiration date is on Sunday?

Of course we desire that the answers of the above questions be governed by the laws of the State of New York.

At common law there was no interdiction of secular business on Sunday but in most States statutes have been enacted for the observance of Sunday and in prohibition of business on that day. In many such States the courts have held that a bill or a note executed and delivered on Sunday falls within the prohibition of such laws and is void. At the same time, as delivery completes the contract, if a bill or note is delivered on another day it has been held valid though dated and signed on Sunday and parol evidence is admissible to show delivery on another day.

The above, as said, is the situation under the Sunday laws of many of the States, but each State has its own special statute governing the observance of Sunday and as the matter of the validity of Sunday notes depends upon the interpretation of such statutes, the law in one State is not necessarily the law in another.

In the State of New York it was early held (*Greenbury v. Wilkins*, 9 Abb. Pr., 206; year 1858) that the statute relating to the observance of Sunday had no reference to private contracts which did not lead to a violation of the public order and solemnity of the day and that a note given or dated on Sunday was not void either at common law or by the statute.

At the time of this decision the Sunday statute prohibited the service of certain process, certain sports, Sunday traveling, servile labor except works of necessity or charity and the exposing for sale of certain goods. The statute has been amended from time to time since. The initial section of the Penal Law relating to the Sabbath (sec. 2140), now provides that "The first day of the week being by general consent set apart for rest and religious uses, the law prohibits the doing on that day of certain acts hereinafter specified, which are serious interruptions of the repose and religious liberty of the community;" and the statute specifically, with certain exceptions, prohibits labor; sports; trades, manufactures, agricultural or mechanical employments; public traffic; serving process and certain other specified acts and special employments.

I can find no decision by the New York courts on the subject of notes executed and delivered on Sunday, since the old case of *Greenbury v. Wilkins*, which upheld their validity and am inclined to think that a similar decision would be made under the present statute, and that the execution and delivery of a promissory note on Sunday in the State of New York would be held not among the acts specified as prohibited because they "are serious interruptions of the repose and religious liberty of the community."

ADVERTISING OF CAPITAL.

Question whether unlawful for bank, which has only \$30,000 of its \$50,000 capital paid in, to advertise its capital as \$50,000.

From Arkansas.—The capital of this bank is \$50,000, of which \$30,675 is actually paid in. I wish to have your advice as to whether or not it is unlawful to advertise capital stock \$50,000.00.

I do not find in the Statutes of Arkansas, anything which expressly prohibits a bank whose capital is \$50,000, but of which only \$30,000 is actually paid in, from advertising that its capital is \$50,000. The following provision, however, might have application (Sec. 1813, Statutes of Ark.): "Every officer, agent or clerk of any bank organized or doing business under the laws of this State who wilfully and knowingly subscribes to or makes any false reports * * * with intent to deceive any person or persons as to the condition of such bank shall be punished," etc.

NOTE WITH ALTERED DATE.

Alteration of date by maker of note before delivery does not affect validity.—Otherwise, if altered by another without his consent.

From New Jersey.—I should like your opinion on a note similar to the one which is enclosed herewith:

(Copy of note enclosed is dated "8-1-1911" the figure eight being written over another figure, probably "7"; the amount is \$100, and it is payable three months after date, to order of John Doe at First National Bank of P., N. J., and signed "John Doe".)

As a matter of fact the original note is in every way valid, in our opinion, with the exception of the date. It is very evident that the date has been changed from one figure to another. Would the changing of the figure make the note invalid?

The copy of the note you enclose is dated "8-1-11" and the "8" is written over another figure which looks like "7." The note is made by John Doe to order of John Doe and presumably has been transferred by Doe to the bank. If Doe made this change in date it would not affect the validity of the note, but if it was made by someone else without his consent the note would be avoided as to him. Concerning the validity of the note in other respects, the copy which you enclose does not show indorsement by Doe. The Negotiable Instruments Law provides: "Where a note is drawn to the maker's own order it is not complete until indorsed by him."



PROTECTIVE DEPARTMENT



L.W. GAMMON

MANAGER

OFFICES OF THE WILLIAM J. BURNS NATIONAL DETECTIVE AGENCY, INC.

NEW YORK, N. Y.—21 Park Row.
CHICAGO, ILL.—First National Bank Bldg.
SAN FRANCISCO, CAL.—First National Bank Bldg.
LOS ANGELES, CAL.—Walter P. Story Bldg.
PITTSBURGH, PA.—Commonwealth Bldg.
PHILADELPHIA, PA.—Real Estate Trust Bldg.
BOSTON, MASS.—201 Devonshire St.
SEATTLE, WASH.—Hinkley Block.
PORTLAND, ORE.—Board of Trade Bldg.
MINNEAPOLIS, MINN.—Bank of Commerce Bldg.
KANSAS CITY, MO.—Midland Bldg.
NEW ORLEANS, LA.—Whitney Central Bldg.
CLEVELAND, OHIO.—444-450 Rockefeller Bldg.

CORRESPONDENTS OF THE WILLIAM J. BURNS NATIONAL DETECTIVE AGENCY, INC.

ALABAMA, MONTGOMERY.—Paul Rapport, care Sheriff's Office.
ARKANSAS, LITTLE ROCK.—W. L. Vick, 325 West Markham St.
COLORADO, DENVER.—Kerr Detective Service, Kittridge Bldg.
DIST. OF COLUMBIA, WASHINGTON.—Edw. B. Harrigan, Stewart Building.

GEORGIA, ATLANTA.—C. E. Sears, Atlanta National Bank Bldg.
IOWA, SIOUX CITY.—W. C. Davenport Detective Agency, Iowa Building.

LOUISIANA, SHREVEPORT.—T. D. Price, City Hall.
MICHIGAN, DETROIT.—Sadler Detective Bureau, Hammond Bldg.
MISSOURI, ST. LOUIS.—Furlong Secret Service Co., Chemical Building.

OHIO, CINCINNATI.—Furlong Secret Service Co., Lyric Theatre Building.

OKLAHOMA, OKLAHOMA CITY.—Frank L. Staton, 230 American Bank Bldg.

PENNSYLVANIA, HARRISBURG.—T. G. George, 9 North Market Square.

TEXAS, HOUSTON.—J. E. Smith, 705 Drew Ave.

VIRGINIA, RICHMOND.—Louis B. Hatke, American National Bank Bldg.

FOREIGN CORRESPONDENTS OF THE WILLIAM J. BURNS NATIONAL DETECTIVE AGENCY, INC.

ENGLAND, LONDON.—Arrow's Detective Agency, 89 Chancery Lane.
FRANCE, PARIS.—Calchos & Deblischop, 15-17 Rue Auber.

DURING the past month our detective agents, the William J. Burns National Detective Agency, have opened an office under their own name in the Rockefeller Building, Cleveland, Ohio, and placed in charge Mr. Peter C. Dick, who formerly was in charge of the United States Secret Service, with headquarters at that city. Mr. Dick resigned from the Government service to go with the Burns Agency.

THE following is a report for the month of October pertaining to the work of the Protective Department:

A young woman employing the name of Alice M. King, has recently made her appearance in different New York towns, where she has passed worthless checks. Her description is given as 21 to 22 years of age, 5 ft. 4 in. tall, brown hair and is a good talker and well educated.

Information comes from Scranton, Pa., that a young man giving his name as W. J. Ayers, has recently made his appearance in that vicinity, where merchants have honored his worthless checks for small amounts.

We are in receipt of information from a bank in Michigan that a man representing himself to be J. B. Fishleigh, has been traveling through that part of the country where he defrauded merchants with bogus checks. Fishleigh represents himself as an attorney at law, is 48 years of age, 5 ft. 10 in. tall, weighs 190 lbs., smooth shaven, light brown hair.

One R. E. Mills, has recently appeared in Massachusetts, where bogus checks have been cashed for him. Mills claims to be employed by a firm dealing in champagne. He is described as 45 years of age, 5 ft. 7 or 8 in. tall, weighs 180 lbs., fair complexion, dark hair, brown moustache, prominent blue eyes.

A warrant has been issued in Kansas City, Mo., for the arrest of J. A. Donahue, who, it is said, recently obtained cash on a forged check. Donahue is de-

scribed as being 20 years of age, red hair, small of stature and is a neat dresser.

A recent forgery committed in Los Angeles, Cal., resulted in disclosing the fact that the forgery was committed by one Etta Seler, a girl 15 years of age, 5 ft. tall, weight 110 lbs., full face, black hair, dark eyes. This girl left her home in Los Angeles recently in the company of her sister Rose, 12 years old, 4 ft. 4 in. tall, thin face, slender figure, dark complexion, black hair, blue eyes.

A warrant has been issued in DeQueen, Ark., for the arrest of W. L. Williamson, a former resident of Grannis, Arkansas, who issued a mortgage on a number of head of cattle and later sold the cattle without making good the mortgage. Williamson's description is given as 33 to 35 years of age, 6 feet tall, weighs 185 to 190 lbs., smooth shaven, gray-blue eyes, dark complexion. His occupation is that of stock trader and farmer.

On October 8, 1911, our detective agents, the William J. Burns National Detective Agency, succeeded in causing the arrest at Lawrence, Kansas, of J. S. Stevens, who had previously defrauded a Flagler, Colo., bank (M) out of \$1,100. Stevens' description is given as 49 years of age, 5 ft. 8 in. tall, weighs 180 lbs., dark hair, ruddy complexion, brown eyes, stout build. He has since been returned to Flagler for trial.

A Fort Lauderdale, Fla., bank reports that one Lester S. Moody, as drawing worthless drafts on that institution for various amounts. Moody has been operating in different parts of Florida and has recently been heard from in Georgia.

C. H. Reed, fraudulently representing himself as being associated with the American Tobacco Company, is issuing worthless checks on an Iowa bank. He is described as 55 years of age, 6 ft. tall, slender build, smooth shaven, thin features; has lost the sight of his left eye.



LA TOUR VAUGHT.

Page 224 (second column) of the October, 1911, Journal, contains an article relating to one La Tour Vaught, for whom a warrant is in existence in Olathe, Kansas, on a charge of forgery. We have since obtained a photograph of Vaught, which is published herewith. Vaught's occupation is that of farm laborer.

A report comes from a bank in Joliet, Ill., that one William Schwabb is drawing worthless checks on that bank. Schwabb was last heard from in Cincinnati, Ohio.



FRANK B. SCHOLL.

A report concerning the arrest of Frank B. Scholl on a charge of forgery, appears on page 225 (first column) of the October, 1911, Journal. We are since in receipt of his photograph, which is now published herewith.

Otto Burtis, 26 years of age, weighs 150 lbs., 5 ft. 10 in. tall, slender build, smooth shaven, has operated in Bluffton, Ind., where he obtained money on a worthless draft. Burtis fraudulently claims to be a representative of the Fairchilds Publishing Company.



FRANK L. MOORE, ALIAS LLOYD COOPER.

We publish herewith a photograph of Frank L. Moore, alias Lloyd Cooper, whom our detective agents, the William J. Burns National Detective Agency, succeeded in apprehending at Midway, Pa., on October 3, 1911, on complaint of a Mount Morris, Pa. bank (M), the bank in question having been defrauded by Moore on September 29, through cashing a check bearing a depositor's forged signature. Moore is 23 years of age, 5 ft. 8 in. tall, weighs 150 lbs., slender build, blue eyes, light complexion, light hair, smooth shaven. He is a farm laborer. He has been returned to Mount Morris for trial.



LOUIS P. MERTIN.

We publish herewith photograph of Louis P. Mertin, alias A. E. Lind, who was arrested by the local police of San Francisco last month, following an attempt to cash two forged checks. When the officer called to arrest Mertin he attempted to commit suicide. He stated that he was about to sail for Australia, and claimed to have a commission from the German Army as a lieutenant. Mertin speaks broken English; he is, however, very suave and experienced no difficulty in getting into the confidences of society people. His description is given as 25 years of age, dark complexion, dark chestnut hair, light brown eyes.



WM. OTTO WEEMS.

In the latter part of September, a report was received from a Perryville, Kans., bank (M) that that institution had cashed a forged check, drawn on a Palco, Kans., bank (M). Our detective agents, The William J. Burns National Detective Agency, traced the guilt to one William Otto Weems. His description is 28 years of age, 5 ft. 9 in. tall, weighs 175 lbs., dark hair, dark complexion, heavy set, smooth shaven. He formerly held a position as section foreman at Selden, Kansas. The Burns Agency pursued their investigation with such success that they finally secured a trace of Weems in Salt Lake City, Utah, where, on October 17, 1911, they caused his arrest. As the loss, through the forgery will fall on the Palco bank (M), Weems has been placed in the custody of the Palco authorities. A photograph of Weems is published herewith.



HARRY E. JOHNSON.

On page 33 (first column) of the July, 1911, Journal, we published an article concerning one Harry E. Johnson. As this forger is still active, we are publishing herewith his photograph. Johnson fraudulently claims to be a detective in the employ of the Pennsylvania Railroad. He is described as being 40 years of age, 5 ft. 8 in. tall, weighs 160 lbs., heavy build, stubby black mustache, usually wears a Mystic Shriner's button in addition to an Elk's charm. In passing his worthless checks Johnson usually looks up a Mason and will ask the party to cash a check for him, claiming that he lost his pocket book and money on the train.



JOHN H. REDMAN.

The above is a photograph of John H. Redman, alias John Harris, who defrauded an Arlington, Kans., bank (M) through forgery. During an investigation of this case by our detective agents, The William J. Burns National Detective Agency, they learned that following his escapades in Arlington, Redman made his appearance in Indianapolis, Ind., where he was at once picked up by the local authorities and turned over to the officials of the Jeffersonville, Ind., Reformatory, Redman having broken his parole from that institution. He is, therefore, now serving an indeterminate sentence in the Jeffersonville Reformatory.



B. C. TRIGG.

Page 225 (second column) of the October, 1911, Journal, contains an article concerning the arrest of B. C. Trigg in Little Rock, Arkansas, following his attempt to swindle by telegram a Greenville, Mississippi bank (M). We have since learned that Trigg has also employed the alias of Byrd Campbell. His description is given as 40 years of age, 5 ft. 11 in. tall, weight 135 lbs., slender build, gray eyes, chestnut hair, gray on temples. His occupation is that of stenographer.



JIM O'NEILL.



EDDIE DOYLE.



GEO. REED.

Page 744 (second column) contains an account of the arrests of Jim O'Neill, Ed. Doyle and Geo. Reed, who burglarized a Tea, S. Dak., bank (M). The photographs of these men are published herewith. They were brought to trial last month, when Reed was given a sentence of eight years, while Doyle and O'Neill were each given seven years, in the South Dakota State Penitentiary.

In the latter part of September, a young woman representing herself as Miss Alice Pullman, defrauded a New Orleans bank (M). The case was reported to our detective agents, the William J. Burns National Detective Agency. Subsequently a woman answering Miss Pullman's description, issued worthless checks in Bridgeport, Conn., where she was taken into custody on October 5, 1911. It was then determined that this was the same party who had operated in New Orleans and whose correct name is Miss Alice A. Black. This woman has since been returned to New Orleans for trial.

In the middle of September a report was received from a New York bank (M) that it had suffered a loss through honoring a worthless check for one Arthur R. Von Keller. Our detective agents, the William J. Burns National Detective Agency, undertook to locate Von Keller, with the result that they succeeded in causing his arrest on October 3, 1911, at Greenwood Lake, N. J. Von Keller is 32 years of age, 5 ft. 9 in. tall, weighs 165 lbs., medium, fair complexion, light hair, smooth shaven. Von Keller has been engaged in editorial work. He now awaits trial in Newark, N. J.

On page 685 (first column) of the May, 1911, Journal, and on page 740 (first column) of the June, 1911, Journal are recorded the arrests of four men in connection with the burglary of a Hudson, Kans., bank (M). The case of Heiney Bowers, one of the men was later disposed of by his being given a life sentence for murder. The remaining three men were brought to trial last month. Chas. McKimzie was then given 45 years in the Kansas State Penitentiary. Walter Berger was given 35 years, and Geo. Woods was released. During the progress of the trial against these men five witnesses were brought forward by the defense to establish an alibi for McKimzie and Berger, with a view of securing their acquittal. A representative of our Detective Agents, The Wm. J. Burns National Detective Agency, was present during the trial and advised the authorities that these parties were in town and would be used as witnesses, and gave the authorities information relative to their

previous characters. The testimony given by these men was such that the presiding Judge and District Attorney were satisfied that they had perjured themselves. They left town after testifying without any authority from the Court. Three of these parties, Curtis Stokley, Will. Williams, and Geo. Tendall, were apprehended in an adjoining city, and were returned to St. John, and found guilty of contempt of court, and fined. They were then re-arrested on the perjury charge and in default of \$3,000 bail each, were committed to jail. Our Detective Agents furnished the authorities with the characters and records of these men. The other two witnesses have not yet been apprehended.

This Department is in receipt of information that a Mr. Robert M. Plummer, formerly in the employ of "Bonds & Mortgages" (Inc.), a financial journal at Chicago, Ill., that he is no longer in their employ and that his credentials have been revoked. Mr. Plummer is no longer representative of the "Bonds & Mortgages," consequently he has no authority to draw on them.

One, D. E. Woods recently defrauded a bank (M) in Nowata, Oklahoma, by means of a forgery. On October 6, 1911, Woods surrendered himself to the local authorities at Portland, Oregon. Our detective agents, the William J. Burns National Detective Agency, questioned him thoroughly concerning this forgery, and Woods confessed fully. He has since been returned to Nowata for trial. Woods' description is given as 32 to 33 years of age, 5 ft. 9 in. tall, slender build, weighs 140 lbs., fair complexion, light hair, gray eyes.

Page 163 (first column) of the September, 1911, Journal, contains an article concerning the arrest of Ed. Weisendanger, in connection with a forgery perpetrated upon a St. Johns, Ore., Bank (M), and his subsequent release is published on page 228 (second column), of the October, 1911, Journal. When our detective agents, The William J. Burns National Detective Agency, took up this case, they determined that a second party was implicated in this forgery, and they continued their investigation with a view of locating and apprehending that person. In this they were finally successful, through locating and causing the arrest of Clyde Marvin on October 3, 1911, at Portsmouth, Ore. Marvin was returned to St. Johns, Ore., and on October 20, was sentenced to two years in the Oregon State Penitentiary, but was paroled during good behavior.

In the latter part of last month there was deposited with a New York bank (M) a check drawn on a Brooklyn bank (M), which proved to bear a forged signature. The matter was reported to our detective agents, the William J. Burns National Detective Agency, and it was determined by them that the guilty party was one Israel Rothstein. Arrangements were made whereby a trap was set for Rothstein, so that on September 29, 1911, he was placed under arrest, when he called at the New York bank in question, while trying to withdraw the amount of the forged check. Rothstein is described as 24 years of age, 5 ft. 4 in. tall, weighs 140 lbs., smooth shaven. He now awaits trial in New York City.

On page 224 (second column) of the October, 1911, Journal, is published an article relating to one Walter Purnell, alias W. C. Walters, a mulatto, who defrauded a Washington, D. C. bank (M), by means of a forgery. Our detective agents, The William J. Burns National Detective Agency, have spared no effort to locate Purnell, and on October 21st they succeeded in securing a trace of him in Ocean City, Md., where an operative from the Burns Agency caused the arrest of Purnell on that date. The actual crime of forgery having been committed in the State of New Jersey, Purnell has been delivered into the custody of the authorities at Point Pleasant, N. J., where he is being held pending his trial.

On October 15, 1911, the local authorities of Eureka, Cal., placed under arrest, C. P. Springer and R. C. Clark, following a forgery perpetrated by them on an Eureka bank (M). In behalf of the American Bankers Association and the California Bankers Association our detective agents, The William J. Burns National Detective Agency, have interested themselves in the case, with a view of causing the conviction of these men.

In the fore part of October a report was received from a San Francisco bank (M) to the effect that they had suffered a loss of several hundred dollars through a forgery which, it developed, was perpetrated by one Phil. Gallick. Our detective agents, The William J. Burns National Detective Agency, acting for the American Bankers Association and the California Bankers Association, traced Gallick to Portland, Oregon, where, on October 19, 1911, they brought about his arrest. Gallick has been extradited to San Francisco and is now in the custody of the San Francisco authorities awaiting trial. His description is given as 20 years of age, 5 ft. 9½ inches tall, weighs 154 lbs., dark hair, dark chestnut eyes, sallow complexion, pitted face, wears spectacles, tattooed on left arm. He has previously served prison term.

In the interests of the American Bankers Association and the California Bankers Association, our detective agents, The William J. Burns National Detective Agency, on October 13, 1911, succeeded in causing the arrest in Los Angeles, Cal., of C. G. Ford, following a swindle perpetrated by him on an El Centro, Cal. bank (M), where Ford raised the amount on a check. Ford, who has been returned to El Centro for trial, is described as 32 years of age, weighs 160 lbs., dark complexion, dark hair, smooth shaven.

In the early part of October a report was received from a bank (M) in Coalinga, Cal., that one, Jack Kelly, had defrauded the institution through a forgery. An investigation of the case was undertaken by The William J. Burns National Detective Agency, representing the American Bankers Association and the California Bankers Association. They traced Kelly to San Francisco. During their investigations there, Kelly, on October 17, 1911, made his appearance at a San Francisco bank, where he attempted to swindle that institution. Kelly was placed under arrest by the local authorities. He will be brought to trial in San Francisco for the attempt to commit a fraud there. Kelly's description is given as 28 years of

age, 5 ft. 11 in. tall, weighs 165 lbs. to 170 lbs., light complexion, smooth shaven, light brown hair. His occupation is that of teamster.

One, E. J. Adler, is wanted in Eldora, Iowa, on a charge of passing worthless checks. Adler fraudulently represents himself as being connected with the Fairchild Publishing Company. His description is given as 5 ft. 10 in. tall, weighs 185 lbs., dark complexion, light hair, black eyes.

One, Ralph B. Raymond, fraudulently representing himself as an employee of the Fullum Construction Company, is wanted in Red Oak, Iowa, where a number of merchants suffered losses by cashing his worthless checks.

The local authorities of Martinsville, Ind., are seeking C. S. Ingram, who passed a number of worthless checks on merchants in that town. His description is given as 5 ft. 10 inches tall, weighs 150 lbs., thin face. His teeth were noticeably decayed.

The local authorities of Donephan, Mo., hold a warrant for the arrest of Pettus Keltner, on a charge of forgery. His description is given as 19 years of age, 5 ft. 4 in. tall, weighs 145 lbs., light hair, light gray eyes, smooth shaven, round full boyish face, light complexion, faint scar on forehead.

On October 13, 1911, a bank (M) at Califon, N. J., caused the arrest of Barzillo Conover, who conducted a general store at Lebanon, N. J. Our detective agents, The William J. Burns National Detective Agency, interested themselves in the matter, and determined that Conover had not alone defrauded the Califon bank, but had defrauded two or three other banks in the vicinity of Califon by means of forged endorsements to promissory notes. The Burns Agency is now making an effort to bring about Conover's conviction.

A warrant has been issued in Jersey City, N. J., for the arrest of Alex. London, who recently forged his employer's name to several checks. London's description is given as 19 years of age, 5 ft. 4 in. tall, weighs 150 lbs., pronounced Hebrew features, black hair, black eyes, wears heavy eye glasses.

One E. F. Masterson, is wanted in Philadelphia, Pa., charged with using worthless checks on a Providence, R. I. bank. His description is given as 35 years of age, 5 ft. 6 in. tall, dark complexion, smooth shaven, claims to be a member of the order of Woodmen.

Stefen Pedlock has been sentenced to the Huntington, Pa., State Reformatory following a forgery committed by him on a Scranton, Pa., bank (M). An account of his arrest was published on page 225 (first column) of the October, 1911, Journal.

Geo. Lie has received an indeterminate sentence in the Elmira, N. Y., Reformatory for a forgery perpetrated on a Buffalo, N. Y., bank (M). Lie's arrest was published in the October, 1911, Journal, on page 225 (second column).

O. W. Deckard's arrest was published on page 225 (first column) of the October, 1911, Journal. Deckard, who is wanted for defrauding a Meade, Kans., bank (M) has been delivered into the custody of the Colorado County, Tex., authorities and now awaits trial in Columbus, Texas.

The case against B. S. Payne, who was arrested in connection with a forgery, committed against a Sherwood, Ore., bank (M), has been dismissed. Payne's arrest was reported on page 227 (first column) of the October, 1911, Journal.

INCLUDING BULLETIN OF THE AMERICAN INSTITUTE OF BANKING.

Alma H. Kraft has been given an indeterminate sentence in the Bedford, N. Y., Reformatory for forging a check on a New York City bank (M); her arrest was reported on page 223 (second column) of the October, 1911, Journal.

The arrest of R. D. Chestnut is recorded on page 224 (first column) of the October, 1911, Journal. Chestnut has been given six years in the Missouri State Penitentiary for a forgery perpetrated on a Joplin, Mo., bank (M).

The arrest of Chas. Dean is recorded on page 33 (second column) of the July, 1911, Journal, in connection with an attempted forgery perpetrated on a New York bank (M). Dean has been released on suspended sentence.

An account of the arrest of Chas. H. Everett was published in the August, 1911, Journal on page 102 (first column). Everett has been given an indeterminate sentence of twelve to fourteen years in the Colorado State Penitentiary.

On page 103 (first column) of the August, 1911, Journal we published a story concerning the arrest of Fred Adams and Bob Davis for a swindle perpetrated by them on a San Francisco bank (M). Adams has been given a sentence of three to five years, while Davis received a sentence of five years, in the California State Penitentiary.

Wm. P. McVoy's arrest is recorded on page 686 (first column) of the May, 1911, Journal. This party defrauded a New York bank (M) with a forged check. He pleaded guilty to the charge, when brought to trial, and has been given a suspended sentence.

The arrest of Geo. Leopold was published on page 685 (first column) of the May, 1911, Journal. Leopold has been sentenced to serve ten years in the Iowa State Reformatory for passing a forged check on a Dennison, Ia., bank (M).

The June, 1911, Journal (first column) page 740, contains an article concerning W. H. Mason, arrested for defrauding a Springfield, Mass., bank (M). Mason has been sentenced to serve one year in the Hampden County, Mass., workhouse.

On page 741 (second column) of the June, 1911, Journal, there appears an article regarding H. Lee Russell. An account of his arrest was published in the May, 1911, Journal. Russell has been sentenced to serve six months in the Los Angeles County Jail.

The arrest of J. W. Sharick was reported on page 211 (second column) of the October, 1910, Journal, in connection with a swindle perpetrated on a Scottsburg, Ind., bank (M). Sharick has since been released from custody.

Page 596 (first column) of the April, 1911, Journal, contains an article relating to Joseph Box, who was arrested for a forgery committed against a Los Angeles, Cal., bank (M). Box was recently brought to trial and was then given a suspended sentence.

There appears in the May, 1911, Journal, on page 686 (first column) an account of the arrest of James Whalen, Ed. I. Wheeler and others in connection with a forgery perpetrated upon a Portland, Ore., bank (M). It has been found that it would be impossible to convict Whalen and Wheeler on the charge against them, and on that account they have been released from custody.

This Department is in receipt of information from a bank (M) at Jefferson, Ga., to the effect that

a party is drawing worthless checks on their institution, signed J. W. Hall. There is no such an account with the institution in question, and these checks are being passed on individuals in the State of Michigan. So far no member of this Association has been approached by this party.

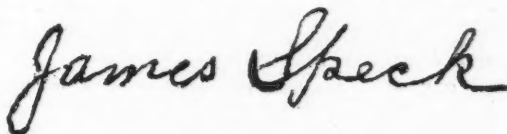
This Department is in receipt of information to the effect that a party is issuing forged certified checks signed B. Vogel, to the order of M. Vogel, on a bank (M) in Crisfield, Md. These checks are being passed in the State of Texas. The party in question has no account at this bank.

Page 161 (first column) of the September, 1911, Journal contains an article in regard to L. J. Flannigan, who defrauded a St. Louis bank (M) on September 26, 1911. He was arrested by the local authorities and is now lodged in jail at St. Louis, pending trial.

In our May, 1911, Journal, page 685, we published the following article relative to one Harry Sapp, using the name of James Speck. Inasmuch as this man is still operating we reproduce the article and his signature. He has renewed his operations in Florida, New Jersey and Kentucky. So far, no member of this Association has lost through this party's operations. Under date of April 28, 1911, we are in receipt of the following communication from a bank at Barnegat, N. J.

"We send you herewith the description of a forger, who has been operating in the west recently, and passing checks drawn on this bank. The name of the forger is Harry Sapp and he formerly lived at Tuckerton, N. J., where his family still live and are of some means and very much respected. He usually poses as a wealthy oyster dealer who is traveling, and being thoroughly acquainted with the business and situation all along the oyster district from Virginia to Connecticut, he can usually win the confidence of some merchant in the town to cash his checks. He is over 6 ft. tall and straight, weighs probably 180 lbs., has dark complexion and very dark sharp eyes, and prominent cheek bones, hair is black and slightly curly and hands rough. He has been operating under the name of Sapp and James Speck and offering large checks, drawn in the name of James Speck on this bank, as deposits to western banks. The signatures are forged, as James Speck does not have an account here, but is a well-rated oyster dealer from Tuckerton, N. J. Sapp has served sentences in Norristown, Pa.; the New Jersey State Penitentiary and, we are told, recently in Canada. He is now at large and we received a check for \$1,500 in the name of James Speck drawn on us in favor of a bank in Madison, Ohio, on April 7, which appears to be his work. To-day we received another check drawn by the same party, in favor of a Latonia, Ky., bank, which shows that he is still operating."

A specimen of Sapp's handwriting appears below:

A large, stylized handwritten signature that reads "James Speck". The script is cursive and fluid, with the first letters of the first and last names being capitalized and prominent.

This Department is in receipt of information from the National Bank of Washington in the District of Columbia, to the effect that a party is issuing forged certificates of deposit on their institution. These certificates are made payable to John R. Howard and purport to be issued by Charles E. White, Cashier of this bank. These certificates were never issued by Mr. White, who is now Vice-President of this bank, and has been Vice-President for three years or more. These certificates are for \$500 each and are being circulated in the State of Illinois.



ADRIAN LOCKHART.

On October 18, 1911, an attempt was made by Adrian Lockhart to commit a daylight hold-up on a Vera, Okla., bank (M). Lockhart appeared at the bank at about 1 o'clock in the afternoon, and finding the cashier alone compelled him to place about \$1,500 in cash in a sack. Lockhart then took the money and compelled the cashier, together with one of the bank's depositors, to walk to the edge of the town with him, Lockhart keeping them covered with a revolver. When they reached the outskirts of the town, Lockhart mounted his horse and started to gallop away. The cashier of the bank observed, however, that Lockhart had replaced his gun in his belt and he (the cashier) immediately leaped upon Lockhart and bore him to the ground, recovering all of the money. The cashier kept Lockhart covered until assistance was obtained, when the man was immediately placed under arrest. Subsequently information was developed proving that Lockhart had as an accomplice one Roy Wells, who stood guard outside of the bank during the hold-up. Wells was also taken into custody. Both of these men made complete confessions to our detective agents. Both parties are young men who have been residing in the vicinity of Vera, where they have been working as farm laborers. They are now lodged in jail at Vera awaiting trial. Lockhart's description is given as 17 years of age, 5 ft. 11 in. tall, 140 lbs., slim build, hazel eyes. Wells' description is given as 18 years of age, 5 ft. 9 in. tall, 140 lbs., medium build, light complexion, light chestnut hair. Photographs of these men are published herewith.

An indeterminate sentence in the Southern Illinois Penitentiary has been imposed upon C. A. Anderson for a fraud perpetrated in Quincy, Ill., and who also defrauded a Pawnee, Okla., bank (M). The arrest of Anderson was reported in the September, 1911, Journal on page 163 (second column).

S. T. Stone has been sentenced to serve one year in the Wisconsin State Penitentiary following his attempt to commit a fraud in Black Earth, Wis. The arrest of Stone, who is also wanted for defrauding a Meta, Mo., bank (M), was published in the September, 1911, Journal, on page 164 (first column).

The inability to secure a conviction has resulted in the release of Maurice Sedlitz, who surrendered himself to the local authorities of Baltimore, Md., following an alleged forgery perpetrated upon a Baltimore bank (M) as reported on page 226 (first column), of the October, 1911, Journal.

The arrest of Steven Sedelmeier was published on page 163 (first column) of the September, 1911, Journal. When brought to trial on the charge of forgery committed against a New York bank (M), Sedelmeier was released on a suspended sentence.



ROY WELLS.

An account of the arrest of J. N. Sanders and J. M. McDonald appeared in the September, 1911, Journal, on page 162 (first column). These men were taken into custody in connection with a fraud perpetrated on a Stevenson, Ala., bank (M). It has since been determined that there would be no possibility of convicting the men, as there is no law to cover the crime and they have been released.

The arrest of Harry A. McKinley was published on page 163 (second column) of the September, 1911, Journal. This party, who was arrested for a fraud perpetrated in Soccora, N. Mex., and who also defrauded an Oktaha, Okla., bank (M), has been given an indeterminate sentence of one to two years in the Sante Fe, N. Mex., Penitentiary.



JOHN A. HARMON.

Page 227 (first column) of the October, 1911, Journal contains an account of the escape of John A. Harmon, who defrauded a Hoquiam, Wash., bank (M). We now publish herewith a photograph of this party, who has also employed the alias of Chas. Lavella, and who is accurately described as 30 years of age, 5 ft. 5½ in. tall, weight 145 lbs., blonde hair. Harmon has previously served time in the Folsom, Cal., prison.

STATISTICS OF THE WORK OF THE PROTECTIVE DEPARTMENT.

AS REPORTED TO THE STANDING PROTECTIVE COMMITTEE,

From October 1st, 1911, to October 31st, 1911.

New York, November 1, 1911.

Persons Arrested, Convicted, Sentenced, Awaiting Trial, etc.

	Awaiting Trial Sept. 1, 1911.	Arrests in September, 1911.	Arrests in October, 1911.	Total.	Convicted.	Released.	Escaped or Fugitives.	Suicide or Died.	Awaiting Trial.
Forgers, etc.	69	17	29	106	29	11	1	..	65
Burglars	9	..	..	9	6	1	..	..	2
Hold-up Robbers ...	1	1	2	4	..	..	..	..	4
	79	18	22	119	25	12	1	..	71

ALLEGED FORGERS, ETC.

Oct. 8, J. S. Stevens arrested in Lawrence, Kans. Committed forgery on Flagler, Colo. bank (M). Returned to Flagler for trial.

Oct. 5, Miss Alice A. Black arrested in Bridgeport, Conn. Defrauded New Orleans, La., bank (M). Returned to New Orleans for trial.

Sept. 29, Israel Rothstein arrested in New York. Attempted to defraud New York bank (M). Awaits trial in New York.

Oct. 3, Arthur R. Von Keller arrested at Greenwood Lake, N. Y. Defrauded New York bank (M). Awaits trial in Newark, N. J.

Oct. 3, Frank L. Moore, arrested at Midway, Pa. Committed forgery on Mt. Morris, Pa., Bank (M). Awaits trial at Mt. Morris.

Oct. 6, D. E. Woods surrendered himself to Portland, Ore., authorities. Committed forgery on Nowata, Okla., bank (M). Returned to Nowata for trial.

Oct. 3, Clyde Marvin, arrested at Portsmouth, Ore. Defrauded St. Johns, Ore., bank (M). Oct. 20th given suspended sentence of two years.

Sept. 26, L. J. Flannigan arrested at St. Louis, Mo. Defrauded St. Louis bank (M). Awaits trial at St. Louis.

Oct. 21, Walter Furnell, arrested in Ocean City, Md. Defrauded Washington, D. C., bank (M). Delivered into custody of Point Pleasant, N. J., authorities. Awaits trial at Point Pleasant.

Oct. 15, C. P. Springer and R. C. Clark, arrested at Eureka, Cal. Defrauded Eureka bank (M). Await trial in Eureka.

Oct. 19, Phil Gallick, arrested in Portland, Ore. Defrauded San Francisco bank (M). Returned to San Francisco for trial.

Oct. 13, C. G. Ford, arrested in Los Angeles, Cal. Committed forgery on El Centro, Cal., bank (M). Returned to El Centro for trial.

Oct. 17, Jack Kelly, arrested in San Francisco, Cal. Committed forgery on Coalinga, Cal., bank (M). Also attempted to defraud San Francisco bank (M). Awaits trial in San Francisco.

John H. Redman, defrauded Arlington, Kan., bank (M). Arrested in Indianapolis, Ind. Returned to Jeffersonville, Ind., Reformatory, to serve indeterminate sentence after breaking parole.

Oct. 13, Barzillo Conover, arrested at Lebanon, N. J. Defrauded Califon, N. J., and other banks (Ms). Awaits trial at Califon.

Oct. 17, William Otto Weems, arrested at Salt Lake City, Utah. Defrauded Palco, Kan., bank (M). Returned to Palco for trial.

Oct. 13, Curtis Stokley, Will Williams and Geo. Tendall, arrested at Hutchinson, Kans., for giving perjured testimony in effort to secure acquittal of men being tried for burglarizing Hudson, Kans., bank (M); Stokley, Williams and Tendall await trial at St. Johns, Kans.

J. W. Sharick, released from custody in connection with swindle committed on Scottsburg, Ind. bank (M). Arrest reported in October, 1910, Journal.

Joseph Box, given a suspended sentence for forgery committed on Los Angeles, Cal., bank (M). Arrest reported in April, 1911, Journal.

James Whalen and Ed. I. Wheeler released because of inability to secure conviction in connection with forgery committed against Portland, Ore., bank (M). Arrests reported in May, 1911, Journal.

Wm. P. McVoy, given suspended sentence in connection with forgery committed on New York bank (M). Arrest reported in May, 1911, Journal.

Geo. Leopold, sentenced to ten years in Iowa State Reformatory for defrauding Dennison, Iowa, bank (M). Arrest reported in May, 1911, Journal.

W. H. Mason, sentenced to one year in Hampden County, Mass., Work House, after defrauding Springfield, Mass., bank (M). Arrest reported in June, 1911, Journal.

H. Lee Russell sentenced to six months in Los Angeles County Jail. Also defrauded Austin, Texas, bank (M). Arrest reported in June, 1911, Journal.

Chas. Dean, given suspended sentence for attempted forgery committed on New York bank (M). Arrest reported in July, 1911, Journal.

JOURNAL OF THE AMERICAN BANKERS ASSOCIATION

Chas. H. Everett, given twelve to fourteen years in Colorado State Penitentiary. Defrauded several banks (Ms). Arrest reported in August, 1911, Journal.

Fred Adams, given three years, and Bob Davis given five years in California State Penitentiary for defrauding San Francisco, Cal., bank (M). Arrests reported in August, 1911, Journal.

Stephen Sedelmeyer, given suspended sentence for forgery committed against New York bank (M). Arrest reported in September, 1911, Journal.

J. N. Sanders and J. M. McDonald, released from custody because of inability to secure conviction for swindle perpetrated on Stevenson, Ala., bank (M). Arrests reported in September, 1911, Journal.

Harry A. McKinley, given one to two years in Santa Fe, New Mexico, Penitentiary. Also wanted for defrauding Oktaha, Okla., bank (M). Arrest reported in September, 1911, Journal.

C. A. Anderson given indeterminate sentence in Southern, Ill., Penitentiary. Is also wanted for defrauding Pawnee, Okla., bank (M). Arrest reported in September, 1911, Journal.

S. T. Stone, given one year in Wisconsin State Penitentiary. Also wanted for defrauding Meta, Mo., bank (M). Arrest reported in September, 1911, Journal.

Maurice Selditz, released from custody in connection with alleged forgery committed on Baltimore, Md., bank (M). Arrest reported in October, 1911, Journal.

O. W. Deckard, delivered into custody of Columbus, Texas, authorities. Awaits trial in Columbus. Also wanted for defrauding Meade, Kans., bank (M). Arrest reported in October, 1911, Journal.

B. S. Payne released from custody in connection with forgery committed on Sherwood, Ore., bank (M). Arrest reported in October, 1911, Journal.

Alma H. Kraft, given indeterminate sentence in Bedford, N. Y., Reformatory for forgery committed on New York bank (M). Arrest reported in October, 1911, Journal.

R. D. Chestnut, given six years in Missouri State Penitentiary for forgery committed on Joplin, Mo., bank (M). Arrest reported in October, 1911, Journal.

Stefen Pedlock, given indeterminate sentence in Huntington, Pa., State Reformatory for forgery committed on Scanton, Pa., bank (M). Arrest reported in October, 1911, Journal.

George Lie, received indeterminate sentence in Elmira N. Y., Reformatory for perpetrating forgery on New York bank (M). Arrest reported in October, 1911, Journal.

BURGLARS.

Chas. McKimsie, given 45 years, and Walter Berger 35 years in Kansas State Penitentiary. Geo. Woods released. All in connection with burglary committed on Hudson, Kans., bank (M). Arrests reported in May and June, 1911, Journals.

Jim O'Neil and Ed. Doyle, each given 7 years. Geo. Reed given 8 years in South Dakota State Penitentiary for burglarizing Tea, S. Dak., bank (M). Arrests reported in June, 1911, Journal.

HOLD-UP ROBBERS.

Oct. 13, 1911—Adrian Lockhart and Roy Wells, arrested in Vera, Okla., for attempted hold-up on Vera, Okla., bank (M). Await trial in Vera.

AWAITING TRIAL NOVEMBER 1, 1911.

ALLEGED FORGERS, ETC.

H. S. Kirkpatrick West Point Ga.
Henry West Yuma, Ariz.
Ben Hockaday Des Moines, Iowa.
Chas. L. Johnson Grand Rapids, Mich.
C. C. Blasdel Perry, Okla.
Matt. Conner Hinton, West Va.
M. E. Starling Quitman, Ga.
James Wilson Brooklyn, N. Y.
Edw. Benton Cleveland, O.
Lee Hepler Hickory, Pa.
Patrick Gallagher Jersey City, N. J.
Albert M. Kutzkey St. Johns, Ore.
John C. Byland Burlington, Ky.
J. E. Posey Alken, S. C.
Harry Ragsdale Manitou, Colo.
Eug. C. Brockaw Chicago, Ill.
Irving G. Crocker Chicago, Ill.
Geo. Bitter Groton, S. D.
Walter Hester Los Angeles, Cal.
F. B. Hatfield Winkelman, Ariz.
S. H. Gray Athens, Tenn.
Ollie Hilliards West Newton, Pa.
Chas. M. Meeker Dalhart, Tex.
R. L. Peoples Birmingham, Ala.
John C. Walsh Brooklyn, N. Y.
Wm. Nance Bixby, Okla.
Ernest Bernard New York City.
Wm. J. Jones Claremore, Okla.
W. J. Williams Richland, Ga.
Andria Steicheff Fort Wayne, Ind.
Spiro Alexsi Fort Wayne, Ind.
A. S. Cauble Cairo, Ill.
Warren Hank Wapakoneta, O.
A. R. Saffold Atlanta, Ga.
R. A. McKnight Johnson City, Tenn.
E. E. West Harrisonville, Mo.
Thos. McDonald Hoquiam, Wash.

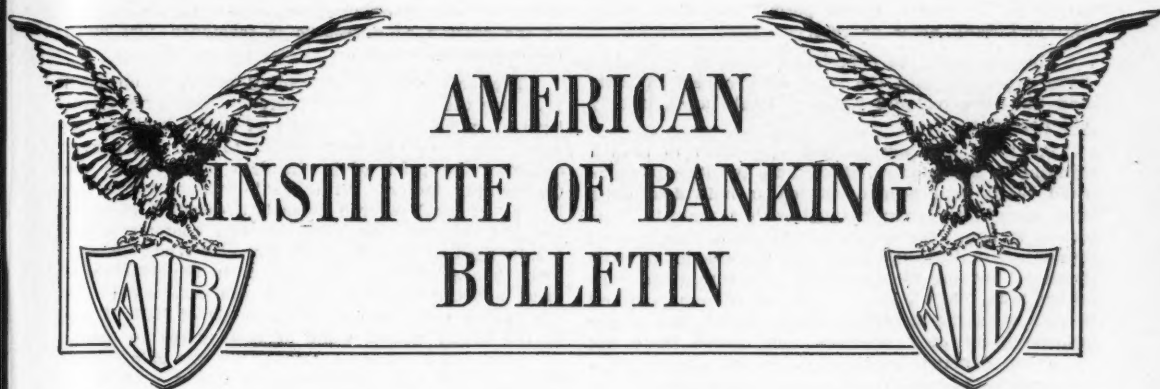
H. H. Moody Oklahoma City, Okla.
B. C. Trigg Little Rock, Ark.
Bert Clark Bartlesville, Okla.
Frank B. Scholl Denver, Colo.
Rocco Muccini Monessen, Pa.
A. E. Stone Lawrence, Kan.
Isaac L. Raines Governors Island, N. Y.
Anthony Beddell East Hampton, N. Y.
Stacey Smith East Hampton, N. Y.
Max Kaplan Brooklyn, N. Y.
J. S. Stevens Flagler, Colo.
Alice A. Black New Orleans, La.
Israel Rothstein New York City.
Arthur R. Von Keller Newark, N. J.
Frank L. Moore Mt. Morris, Pa.
D. E. Woods Nowata, Okla.
L. J. Flannigan St. Louis, Mo.
Walter Purnell Point Pleasant, N. J.
C. P. Springer Eureka, Cal.
R. C. Clark Eureka, Cal.
Phil. Gallick San Francisco, Cal.
C. G. Ford El Centro, Cal.
Jack Kelly San Francisco, Cal.
Barzillo Conover Califon, N. J.
Wm. Otto Weems Palco, Kans.
Curtis Stokley St. Johns, Kans.
Will Williams St. Johns, Kans.
Geo. Tendall St. Johns, Kans.

BURGLARS.

Mike Conners Layton, Utah.
Frank Morris Layton, Utah.

HOLD-UP ROBBERS.

Tom Hogan Harlem, Montana.
Sam. A. Hamilton Belleville, N. J.
Adrian Lockhart Vera, Okla.
Roy Wells Vera, Okla.



NATIONAL RESERVE ASSOCIATION.

Essays That Won Prizes at the Rochester Convention of the American Institute of Banking.

FIRST AFFIRMATIVE.

By John DeM. Werts, of Pittsburgh.

AT the beginning of the Civil War, the exigencies of which have given this country its present National Bank system, the banking of the country was in a chaotic condition. Bank charters were issued by the States and in many cases were granted by the successful political party as rewards for campaign services. We could hardly expect to see sound banking under such conditions, although some States endeavored to regulate the operations of the banks. The banks then loaned their funds in the shape of bank notes and endeavored to keep as large a volume of their notes outstanding as possible. Many of the banks issued hundreds of thousands of dollars in notes with only a few hundreds of dollars in specie in the bank to pay them on presentation.

Under such circumstances panics were frequent and very severe, but the reason for them was the over issue of notes and not the principle of banking as it was then conducted. The development, industrially, of the country demanded capital and it could have been furnished by the banks if they had kept a well balanced proportion of specie to the volume of outstanding notes.

It is not the purpose of this paper, however, to deal with past events except as they have left their imprint in the making of the laws under which the banks are now being conducted. Panics have occurred since the Civil War and they have just been as severe as those before, although the banking business is conducted under entirely different conditions.

The present National Bank system had its inception in the idea that if banks were permitted to issue bank notes against government bonds deposited with the United States Treasurer there would be a wider market for the bonds which were then a drug on the market. This proposition was a very attractive one at that time, for the bonds paid a good rate of interest and the notes could be issued at a still

better rate. To make a place for the circulation of these notes where the currency was already redundant, State Bank notes were subjected to a tax of ten per cent. per annum to force their retirement, giving the National Banks the monopoly of note issue. This law succeeded in making a good market for the bonds, and furnishing the country with the blessing of a uniform currency, but this same currency system has been one of the principal causes of our panics.

In passing the National Bank Law Congress tried to remedy the unsafe manner in which the banking business was then being conducted by requiring the banks to keep a certain per cent. of their deposit liabilities as reserve, but no reserve is required for the note issues. The government bonds on deposit with the Treasurer are deemed sufficient security and should their sale fail to realize sufficient to cover the notes, the notes become a prior lien on the assets. It is not that the National Bank notes are not safe enough but that they do not have an elasticity of volume which the varying demands of business in this country require. No note holder has ever lost a dollar through the failure of the banks or the government to redeem although it is almost fifty years since the notes were first issued.

With regard to reserve requirements the National Banks are divided into three classes: Central Reserve Banks, Reserve Banks, and Country Banks. The first class are required to keep on hand at all times twenty-five per cent. of their deposit liabilities in lawful money, which consists of gold coin, United States notes, silver certificates, gold certificates, standard silver dollars, and treasury notes of 1890. The second class must keep a reserve of twenty-five per cent., but one-half may be kept on deposit with any central reserve bank, and the other half must consist of lawful money. The third class must keep a reserve of fifteen per cent. three-fifths of which may be deposited with either a central reserve bank or a reserve bank, and two-fifths must consist of lawful money.

In addition to the seven thousand National banks we have about fourteen thousand State Banks, and the latter are also required to keep reserves varying from five per cent. to twenty-five per cent. either in cash or on deposit with an approved reserve agent, the only difference between the cash reserve of the

State Banks and the cash reserve of the National Banks is that some States permit the counting of National Bank notes as reserve.

On this basis the deposit liabilities of the banks have expanded until the total reserve held in cash, and this cash includes National Bank notes, is only ten per cent.

As there has always been opposition to branch banking in this country, all of these twenty-one thousand banks have been developed as individual units and the officers operate them with a view to dividends without regard to other banks or the general business situation, and determine the amount of their loans by keeping their reserves just within the limit of the law. They keep on hand just enough cash and deposit with the approved reserve agents the proper proportion of their reserves, and should there not be a full demand for their funds the amount with the reserve agents is liable to be in excess of the requirement on account of the small rate of interest paid by them.

The redepositing of reserves by the Reserve Banks in the Central Reserve Banks, together with the deposits of the Central Reserve Banks in Chicago and St. Louis, with their New York correspondents, has placed the burden of the reserve maintenance on the banks in New York. These deposits being subject to call at any time, and that demand be for cash, the New York banks will pay out the cash until the reserve limit of twenty-five per cent. is reached, and after that they must increase their reserves by reducing their loans before they can legally pay out any more money. To protect themselves against any sudden demand for a large amount of cash it has been the custom of the New York banks to loan considerable proportion of their funds on what is known as "Call Loans." These loans are payable on demand and are secured by collateral which generally consist of marketable securities giving the bank quick assets, as a sort of secondary reserve. Under ordinary conditions the calling of a few loans will accomplish the required result and the banks will be able to meet the demands for cash. But should industrial activity during the summer find use for all of the banks' funds, so that just the required reserve is kept, a large demand for currency will create disturbing conditions. For every dollar that the banks pay out of their reserves the withdrawal of four dollars of credit is necessary to maintain the proper reserve. The payment of a loan to one bank may improve the condition of that bank, but as nearly all these call loans are for securities bought on margin, the money used to pay the loan must come from another bank and in this way the general situation is not improved.

When the calling of loans continues for some time there is usually a panic, the first effect being felt in the price of securities on the stock exchange, and if liquidation by sale of securities does not prove sufficient the price of commodities will be affected and general suspension result.

Were the banks in a position to issue currency to meet their cash demands their reserves would be protected and no great withdrawal of credit necessary. The reserves as now constituted are not really reserves but a fixed ratio between the bank deposit

liabilities and cash. The true purpose of any reserve is to meet any emergency, but under our law the use of the reserve as a reserve is forbidden just when the emergency arises.

The only method of issuing currency up until 1908 was the bond secured currency, but it has never been of much benefit in times of panic, because the notes are issued without regard to the demands of business, the price of government bonds being the determining factor. With the individual banks the issuing of bond secured notes is a question of profit and not the accommodation of their customers who are in need of hand to hand money. When government bonds are high in price it is unprofitable to issue notes, and this is usually the case when they are needed most, as during the panic of 1907. Some of the banks retired some of their notes to obtain the profit that could be realized by the sale of the bonds, and during the following spring when currency became redundant a large amount of notes were issued because the price of bonds had fallen to a point that it could be done with profit. Money was accumulating in the banks so rapidly that they could not find use for all of their funds and the issuing of notes offered employment at a larger profit than loans at the prevailing low rates. This is another illustration of the evils resulting from the development of each bank as an isolated unit where the question of profit is paramount.

One of the immediate effects of the panic of 1907 was the passage of the law known as the Vreeland-Aldrich Emergency currency bill. This law permits the National banks to issue up to a certain per cent. of its capital by depositing a certain class of bonds with the United States Treasurer, and in addition to this authorizes the formation of what is known as Clearing House Associations by a certain number of banks whose aggregate capital must be at least five million dollars. The object of these clearing house associations is to issue certificates of guaranty against the deposit with it of securities and commercial paper, and the deposit of these guaranty certificates with the Treasurer will entitle the banks to issue currency the same as a deposit of bonds. This currency is, however, subject to a tax of five per cent. for the first month and an increase of one per cent. per month until the tax reaches ten per cent., and it is not likely that the banks would take advantage of such a highly taxed currency without first being subjected to a severe strain.

There seems to be no disposition on the part of the banks to take advantage of the provisions of this law, as up to the present time only one of the clearing house associations has been formed. This currency may be very useful in mitigating the after effects of a panic, but the tax is too high to be used as a preventative. During the panic of 1907 the supply of currency gave out in about three or four days, and any currency to be effective should not be subject to the cumbersome method we now have of issuing. It is true that the Bureau of Engraving and Printing have the notes already printed, but whether they would be in a position to issue them rapidly enough in case of a large demand is doubtful.

This law, however, has made a progressive step as it recognizes good commercial paper as a basis

for note issue, and should our future laws develop this idea more fully, it will go a long way toward the solution of our currency problem. Commercial paper representing actual transactions in the purchase or sale of commodities usually has but a short time to run, and the investment of a good proportion of the bank's funds will give it a constant stream of repayments, which is so essential to sound banking, and notes issued against such security could be promptly redeemed on presentation.

Loans secured by collateral may be quick assets under ordinary circumstances but they prove of little value in stemming the tide when we have conditions like those in the fall of 1907. Some cities found it necessary to close their stock exchanges to prevent a further depreciation in the value of the securities held as collateral, and had they remained open the banks could not have realized the amount of the loans even though they were originally secured by a margin of twenty per cent. The banks had plenty of Commercial paper in their vaults but were unable to make any use of it until the various clearing house associations appointed a committee to receive securities and commercial paper against which they issued clearing house certificates, which could be used to pay the balances against each bank and obviate the use of cash. The extent to which commercial paper was used is shown by the report of the committee of the New York Clearing House Association to be seventy-two per cent. of the entire amount pledged.

Our currency system has been described as the worst in the world, and this may be true as we have a combination of Government credit money, bond secured notes, silver coin, and gold coin. The first two owe their existence to the need of the government for funds during the Civil War, and were issued without any thought of the future, and the silver coin we have is the result of a great political battle by the silver producers to make a market for their product after the demonetization of silver in 1873. The gold coin which is the standard is increased or diminished in response to the volume of business by import or export or supplies from the mines, and is the only form of our currency that has the proper elasticity. The bond secured notes have some elasticity but it is of the inverse order, the tendency being to retire notes when they should be issued. The present law is criticized as being the cause of this trouble because it does not permit the retirement of more than nine million dollars of National bank notes per month, but the law cannot be held accountable for inelasticity on this point. It has been proven by the records of the Treasury Department that at the greatest period of redundancy the retirement of notes did not reach the maximum amount. The fault lies in the permanent investment feature, at least that is what it practically amounts to, as all National Banks are required to deposit a certain per cent. of their capital in bonds with the Treasurer of the United States whether they issue currency or not, and the banks are not disposed to invest the funds of the bank in such low interest bearing bonds as an investment when the issue of notes will give them a larger return. The reason for the limitation of retirement of National Bank notes is a precautionary measure to maintain the market for the bonds, and as such is a great success, for no other large nation can sell its two per

cent. securities above par, and in fact, they do not issue such a low rate bond, for there would be no market for them.

We have now in circulation about fifteen hundred million dollars of credit money, and under our present laws it must remain permanently in circulation, the only part that might be withdrawn is the United States notes, of which there is about three hundred and forty-six million dollars, and the present time is very propitious for such an undertaking on account of the large gold supply, but even this would not be of any benefit unless we could issue in place of it a currency that could be issued when needed and by the law of supply and demand be retired when the need is over. We could not retire the silver dollars, as any attempt to do that would reduce the price of silver so low that only a fraction of their value would be realized, and they must of necessity remain a part of our permanent circulation.

Our problem is to graft on to the system we now have some method by which we can gradually substitute an elastic currency for our present inelastic one. We cannot, however, consider any method or system that does not have a strong central control. To allow the twenty-one thousand banks to issue currency individually, or to allow only the seven thousand national banks should not be considered, nor could any proposition where the currency is issued by only a few of the larger banks ever hope to become a law. The Vreeland-Aldrich bill gives us a strong central control for the issue of the emergency currency, but it vests that authority in the Secretary of the Treasury, and should in his judgment the issue of currency be not necessary, the application will be refused. This places too much authority in the hands of one office, and especially a political appointive one. A system that will have support enough to become a law is one based on the same principles of our government, where the people who are most vitally interested will have a voice in the management. The system of guaranteed deposits as a panacea for panics has been advanced by many and statistics given to prove that only a very small assessment on the total deposit liabilities would be necessary to pay all losses to depositors. The bankers, however, have opposed this idea for it makes them responsible for the loaning of funds over which they have no control and is manifestly very unjust to them. A mutual guarantee by the banks to prevent losses where they have the right to refuse if they wish to, cannot possibly meet any objections from the bankers.

This is the proposed plan of the National Monetary Commission whereby a National Reserve Association is to be established; the capital of which is to be distributed among the banks. Already a great deal of opposition is shown to the plan as it is feared it will be a combination of banks along the lines of the large combinations in the industrial world. The formation of the large trusts has had its influence on the public mind and unless the public can be convinced that the establishment of this reserve association is for the benefit of the country at large, it will not be an accomplished fact. In a country like ours the public demand for a law, whether it is a benefit or not, will have its influence on our legislators to such an extent that they cannot well refuse to vote for it.

This proposed association is to be a bank of banks, a place where the banks can rediscount part of their assets in times of need and receive in payment either the notes of the association or a credit on its books. In either case the bank will be able to protect its reserve and prevent any withdrawal of credit which has always been the greatest menace in times of panic. In their efforts to maintain their reserves the banks call in loans when the best thing to remedy the situation is to discount more freely, which cannot be done by the banks operating under our present laws. In past panics, however, and especially those of 1893 and 1907, the reserve of New York banks went as low as 13 per cent., which was clearly a violation of the law, but no prosecutions resulted. The banks were compelled to reduce their reserves to this point to save themselves as well as those to whom they advanced credit. If the banks had adhered strictly to the law at these times the panic would have been much more severe.

The Capital of the Reserve Association as proposed is to be approximately \$300,000,000 and this amount assures sufficient strength from the beginning. This capital is to be subscribed for by the National banks and no subscription of over twenty per cent. of the capital of the individual bank is to be permitted. The stock will not be transferable and any bank reducing or increasing its capital will be required to reduce or increase its subscription in proportion and any bank going into liquidation is required to surrender the stock held by it. This provision has for its object the preventing of any person or group of persons obtaining control of the association for control could only be secured by purchasing a large number of banks. The distribution of the earnings will also have a discouraging influence for the purchase of a large amount of the stock; the largest dividend permitted being only five per cent.

Of course any association that is intended to reach all the banks cannot operate successfully with only one office in such a large country as this, and the division of the country into fifteen or even more districts is absolutely essential for the proposed institution to render aid on short notice. These districts will be further sub-divided into local associations composed of banks whose combined capital and surplus will aggregate at least five million dollars and these local associations will have more or less autonomous control. Starting with the election of directors of the local associations on the basis of each bank having one vote to elect part of them and the other part elected on the basis of stock held and continuing through the branches, one of which is located in each district, to the central office in the same manner with a set of directors in each branch, and also in the central office, that are to fairly represent the varied interests of the particular district or country at large, together with the government being represented on the central board by the Governor and two deputies, the Secretary of the Treasury, the Secretary of Commerce and Labor and the Comptroller of the Currency, gives the association as near a perfectly balanced control as the human mind can conceive for conditions such as we have in this country.

This Reserve Association is to be the fiscal agent of the government and as such be the depository for

the cash balance which is now held by the Treasury. This will remove a very disquieting agent from the banking field, for ever since the independent treasury was established, the necessity of any large payment to the Government was the cause of much anxiety on the part of the banks. All Government dues being payable in gold or its equivalent the reserves of the banks must be depleted to furnish this money. A call for large payments usually comes at periods of great prosperity when the funds of the banks are all loaned up to the reserve limit, and the only way it can be met is by reducing their loans until the proper ratio is reached. The trouble does not end with the payment of the money by the bank for this money is entirely removed from the channels of trade and there is no way it will be returned except by payment of Government obligations or a deposit for Government account in the banks. With the deposit of this money in the Reserve Association it will only be a shifting of the burden for reserve maintenance, as the banks which are compelled to reduce their reserves can turn to the Reserve Association for rediscounts and receive a credit on the books which may be counted as reserve, and no withdrawal of credit will be necessary. As an illustration of large payments to the government causing financial disturbances we have the panic of 1907, when the country was at the high tide of prosperity and imports were large, enabling the Government to accumulate a large amount of gold coin, which was one of the contributing factors to the panic. When the panic was at its height the Government by depositing \$25,000,000 in the banks of New York on two different occasions, did much to relieve the situation for this deposit was in gold coin and prevented the withdrawal of four times that amount of credit.

To prevent the Reserve Association from coming into competition with the existing banks, it is proposed that it shall receive deposits from the Government and subscribing banks only, and as the association is not permitted to pay interest on deposits it will in no way affect the present method of depositing reserves in Reserve and Central Reserve banks.

Realizing that there are practically twice as many banks organized under State laws than there are under the National Bank law, and that it is equally desirable that the privileges of the Reserve Association should be extended to them, it is proposed that National trust companies and National savings banks be organized, which will simply be a nationalization of the existing banks. The proposition is not to change very materially the regulations under which they now operate, but to make them uniform throughout the country, and subject them to periodical examinations by National Bank Examiners the same as the present National banks.

It is one of the objects of the Reserve Association to substitute the notes of the association for those of the present National banks, and when any bank retires all or part of its notes it will be permanently. The Reserve Association will be required to offer to purchase at a certain price the two per cent. bonds now held by National banks to secure their circulation, and in purchasing same will be entitled to the note issuing privilege, and assume the responsibility of redemption of the outstanding notes. It will

issue its own notes in place of the notes redeemed, which will prove of great benefit. At the present time with seven thousand National banks issuing currency the facilities of the Treasury are not able to cope with any large amount of notes sent in for redemption, for they must first be assorted according to State, then town and then the individual bank in the town. At one time recently the Treasury advanced \$60,000,000 to banks for circulation of other banks sent in for redemption that they had not even counted; such a thing as this would not be necessary with notes issued by one institution only, and the actual saving in money will be considerable.

In addition to the notes issued to replace the National bank notes the Association is to have the privilege of issuing notes which are to be subject to a tax of from three to six per cent. For the first \$100,000,000 an annual tax of three per cent.; from \$100,000,000 to \$200,000,000, four per cent.; from \$200,000,000 to \$300,000,000, five per cent., and above \$300,000,000 six per cent. Any form of tax on bank notes is unscientific, but with conditions which we have here there must be some regulation in the form of a tax to prevent overissue, and the tax must be a part of the interest rate to be of any use. If, however, the Reserve Association is to govern its note issues like the Imperial Bank of Germany, which issues a highly taxed currency, the tax will become only a matter of income for the government. The Imperial Bank issues notes which, above an arbitrary amount of \$112,000,000, are subject to a tax of five per cent. per annum, and notes are issued when, in the opinion of the governor, there is need for them, without any regard to the interest rate. The Imperial Bank is owned privately but controlled by the government, and public needs are considered above stockholders' dividends, for any loss by payment of tax on notes comes out of the bank's earnings. If a tax is to act as a check to over-expansion it must bear strict relation to the interest rate.

In a matter of rediscounts the individual banks may deal directly with the Reserve Association, but this paper must consist of short time loans with a maturity of less than thirty days, and should rediscounts of longer time paper be desired it must first be guaranteed by the local association of which that bank is a member.

A weekly report from each National bank is to be required and a duplicate report of the National Bank Examiner is to be filed with this Association.

Taking the proposition as a whole, the National Monetary Commission has endeavored to meet the situation with the necessary remedies, so that instead of having a large number of isolated units with scattered reserves all the banks will be grouped into divisions that needed help may be given as soon as the occasion arises, and there will be no necessity for the scramble for reserves that takes place now when there is a panic. Every other large nation has solved the problem for themselves, but we could not adopt any one of their systems, as it would entail the entire reorganization of the banking field, and besides, their systems are adapted to their own special needs. We should not, however, allow ourselves to say "let well enough alone," when we take great pride in the fact that this country leads the world in other things, and let us show the world that

we can also solve our currency problem. No other nation has the recurring panics such as we have, and as we know what the trouble is, and have a remedy, why not adopt it?

FIRST NEGATIVE.

By Alexander Wall, of Milwaukee.

IN presenting a negative view in any debate it is incumbent upon the debater to present the undesirable side of the question, clearly demonstrating its undesirability. But, conjunctively, he should present with his objections a modification of the subject more adaptable or introduce an entirely new plan which will accomplish the desired end more easily, better or with less change from the system in vogue. In taking up the subject I shall try to point out two or three fundamental defects in the plan of Mr. Aldrich and suggest a plan more modified in some respects, one that will not cause as great a change in our monetary system and still secure the main advantages that would result from the plan under criticism. To do this in a regular and orderly manner I shall begin by a short analysis of our present system, short because its defects are so generally known. Secondly, I shall take up the plan of Mr. Aldrich and attempt to show that defects exist in several very essential matters that make its adoption undesirable if not even dangerous. Thirdly, I shall advance a modified plan designed to secure the most necessary corrections to our present system with a more moderate change from our present system.

Under our present system of doing business by far the greatest part of our circulating medium is no longer an actual hand to hand bearer money. Probably about 90 per cent. of our business is transacted by the system of checks against deposit accounts. These instruments are not issued in regular amounts as is the actual money. They are not, as a rule, made payable to bearer and require an identification at all times upon payment. The nature of their being makes it impossible for them to circulate. They are issued for a single transaction generally, and are then cancelled. In this respect they are ideally elastic in that the volume, in dollars, of checks issued directly corresponds to the needs of business both as to increase in amount and decrease when the demand slackens. The amount of this kind of currency available is represented by the amount of liability subject to check as deposits with the banks of the country. On April 28, 1909, this amounted, according to the Monetary Commission reports, to \$9,443,917,530.62. This means that checks amounting to this amount could be drawn, all being demand obligations legally calling for currency. If we subtract the entire reciprocal accounts due to banks and bankers and clearing house checks which represent the redeposits to a measure and amounted to \$2,999,964,250.79, we have an amount of \$6,443,953,279.83. At the same time we had an actual cash on hand of \$1,451,914,676.34, a percentage of about 22 per cent. on this basis. In addition to the deposits mentioned above there were savings deposits in one form or another of \$6,763,181,913.21. The same statement shows demand loans of \$2,600,060,850.51 and time loans of \$7,394,455,275.78.

This condition of affairs can be more clearly seen perhaps if we tabulate this data a little so as to have a more comparative showing. Such a tabulation would show in round figures:

ASSETS.

Demand Loans	\$2,600,000,000
Time Loans	7,400,000,000
Due from Bank and Clearing	
House	3,000,000,000
Cash	1,450,000,000

LIABILITIES.

Deposits subject to check.....	\$9,400,000,000
Savings Deposits	6,700,000,000

The Assets and Liabilities as shown here make a rough balance and show one thing very conclusively. This is that the deposits and the loans bear a very vital and close connection with each other. The important thing to bear in mind is that when a bank or a group of banks or a banking system is analyzed you will find that the banks create a demand liability by assuming a comparatively long time asset. The depositors are given a right as depositors to demand a payment of actual hand to hand money, having in return given the banks a thirty, sixty or ninety day paper, and in themselves therefore being under no obligation to pay at once their obligation which has created this right to an immediate payment to them. All creditmen know that a certain relation of quick assets to liabilities is an essential thing in the maintenance of a credit standing. This ratio is pretty generally believed to be at least two dollars of quick assets for every dollar of quick liabilities. As we have shown above, the ratio is always tending toward a bad proportion because the assets creating the demand or cash liability are of a rather, and in some cases, a decidedly long time asset.

Under normal conditions this does not make so much difference because the check currency is amply able to satisfy business demands. But under any ready money strain, where the depositors take advantage of their undeniable right and demand an immediate cash payment for their deposit, we find very readily that the condition is top heavy and credit is immediately stretched to a dangerous degree. The fact that this top-heaviness does really exist is clearly shown by the fact that every fall there is a more or less heavy strain due to a perfectly natural cause, the moving of the crops. What our system needs then is not an elastic currency in the exact sense of the word, because our check currency is almost perfectly elastic and already transacts 90 per cent. of our business. What we need is an elastic temporary transfer of our long time assets into a hand to hand money to carry on that part of our business which our check currency cannot perform. We want some method of using these assets, for more or less irregular periods, in the shape of hand to hand demand promises to pay bearer and in a shape that would be familiar to the general public and be acceptable to them. This is what Mr. Aldrich proposes to do, and his plan or any other can or need accomplish little more. Bearing this in mind we can safely take up the bill of Mr. Aldrich and endeavor to point out its weak points.

I wish to take up first that feature referring to the capital of Mr. Aldrich's so-called Reserve Association of America. He starts this section by stating that only National banks may subscribe to the stock of this central organization and by this action he eliminated State banks. Inasmuch as even the Monetary Commission has seen the error of this condition, it is not necessary to argue it very long here except to score the point that this portion of the bill is admittedly in error, admitted so by its makers.

I wish now to take up another feature of the bill that is so general a statement that perhaps the difficulties of its actual working are not easily seen at a first glance. Under the heading "Local Associations of National Banks," it is proposed to divide the country into fifteen districts, each one to contain a local association. The whole system of control of the whole central organization is based on this fifteen district plan. The individual bank in each local association is to have a voice in the selection of local directors as follows, three-fifths of the board being elected in a senatorial manner, and two-fifths in a representative manner. I mean by that, three-fifths elected by each bank having one vote, and two-fifths by a vote representing the stock of the Reserve Association of America. I shall use these terms in this manner in the rest of this discussion. Each district shall elect a board of directors, one to each local association on the senatorial basis, and two-thirds as many in addition on the stock representative plan. The directors of the reserve association are to be, first, six ex-officio members; second, fifteen members elected in the senatorial manner, one from each of the fifteen districts; third, twelve members elected by the voting member from each district, but in the stock representative manner. All through this plan of districting and electing of directors, I wish to emphasize two things. First, there is absolutely no mention made as to how these districts are to be designated, and secondly, the stock representative form of election is always in evidence. Taken separately these do not make much of an impression, but tied together they are a great menace. I wish you to hold this in mind for a few moments until we analyze some figures a trifle.

The National Monetary Commission report of April 28, 1909, and I use this report because it is presumably from this that the commission secured its data, states as its first chart that there were 6,888 National banks with a capital of \$933,269,903. Now as the ownership of stock in the National Reserve Association is based upon the capital stock of the various banks and as this stock representation is continually coming up in its entire organization it is fair to suppose that in laying out the districts some attention will be given to have the stock of the banks fairly divided among the districts so as to secure a fair representation. If this plan is followed we would have one-fifteenth of the total National bank capital as the district unit. This amounts to almost exactly \$62,000,000. If, then, this amount be used as a basis of district formation, and to be logical, it should be followed, how could we divide the country equitably. Let us take a few pertinent examples as to how far this kind of a measure would limit a district.

The Monetary Commission report shows a National bank capital in the New England States of \$101,000,000, or about enough for one and a half districts.

The Eastern States show capital of over \$320,000,000, or enough for five districts.

The Middle Western States show capital of \$248,000,000, or about enough for four districts.

The Western States show capital of \$61,000,000, or about enough for one district.

The Pacific States show capital of \$56,000,000, or not enough for one district. This would about make the fifteen districts if New England were allowed two districts. The following table shows this perhaps more clearly.

	Capital.	Districts.
New England	\$101,000,000	2
Eastern States	320,000,000	5
Southern States	143,000,000	2
Middle Western	248,000,000	4
Western States	61,000,000	1
Pacific States	56,000,000	1
Total	\$929,000,000	15

Is it likely that any other division differing radically from this can ever be made under this plan? I think not, for I do not believe that the financial interests connected with the banking world would overlook the fact that the whole scheme is largely made up on a representative bank capital government plan. In fact, the very condition, which shows such a closely existing parallel between the amount of bank capital in the main division of our country and the number of districts chosen by Mr. Aldrich, would indicate that some such measure had been used by him in selecting 15 as the correct number of districts.

Now with this division before us let us approach the organization of the board of directors of the Reserve Association of America in its central governing board. Under heading "Directors of the Reserve Association" we have Section 1, six ex-officio members.

Section 2, fifteen directors, one elected by each district association on senatorial method. This would give the following geographical representations:

From New England	2
" Eastern States	5
" Southern States	2
" Middle Western	4
" Western States	1
" Pacific States	1
Total	15

Section 3, twelve directors elected by voting representatives from the fifteen districts, on the representative plan, according to the amount of stock held in each district. Based on the total bank capital of \$933,000,000 it would give a voting power in this particular instance about as shown in the following table.

(000,000 omitted from table.)

National bank capital of country 933.

	Bank Capital.	Per Cent. of Whole.
New England	101.8	11
Eastern States	320.9	35
Southern States	143.5	15
Middle West	248.3	27
Western States	61.2	7
Pacific States	56.7	5
Total	932.9	100%

This would mean that these different districts would elect from the twelve directors under discussion in this section in proportion as shown in the following table, fractions being adjusted.

	Per Cent.	Members.
New England	11	1
Eastern States	35	4
Southern States	15	2
Middle West	27	3
Western States	7	1
Pacific States	5	1
Total	100	12

A combination of the table under section two and the last one under section three would show the following makeup of the board:

	Table Sect. 2.	Table Sect. 3.	Total.
New England States	2	1	3
Eastern States	5	4	9
Southern States	2	2	4
Middle West	4	3	7
Western States	1	1	2
Pacific States	1	1	2
Total	15	12	27

Section 4. The directors already accounted for are to elect twelve additional directors. It is to be supposed that they will follow the natural law of mankind and elect men of their own kind and of their general locality. In other words, the complexion of the board would be about the same and this would result in a selection of the remaining twelve directors as shown in the following table. I have also combined with this table the one just exhibited and show the grand result of elected directors. There are in addition to this, six ex-officio members, whose locality is a matter of chance, although they are generally selected to the offices which make them ex-officio members on account of their association and knowledge of finance and become easterners if not already so affiliated.

	As elected under Section 3.	As elected under Section 4.
New England	3	1
Eastern States	9	4
Southern States	4	2
Middle West	7	3
Western States	2	1
Pacific States	2	1
Total	27	12

This would give the final complexion of the board and would result as follows:

Districts	Members of	Directorate
New England	2	4
Eastern States	5	13
Southern States	2	6
Middle West	4	10
Western States	1	3
Pacific States	1	3
Total	15	39

I have drawn up this board on the hypothesis that Mr. Aldrich expects to be logical in the carrying out of the arrangement of this scheme along the line of comparative bank capitalization. And indeed I do not see how he can do otherwise because of the arrangement of selecting a large part of his directors along the bank stock proposition plan. I say bank stock plan, because Mr. Aldrich speaks of the number of shares owned in the National association and because the number any bank can own is directly based upon the amount of its capital. In point of fact it is probable that the proportion above shown will be worse in actual operation because the large eastern banks will probably be members of the association in a greater proportion than the western banks and consequently have a larger proportional vote.

It has been a mooted question as to whether or not the central association would be controlled by the monetary east. The reason for the compilation of figures just given is to show the almost certain result if the plan is adopted as outlined with such a strong emphasis laid upon the election of the directors on the representative plan, based upon the number of shares owned in the National Reserve Association of America. This danger is very certainly a real one and a very likely one. It is all the more real when taken into consideration in combination with other facts which I will advance in a moment.

In a discussion of our currency system we must bear in mind that there are two kinds of pressure brought upon it. The first one, which comes regularly and causes a tightening of money, is the crop moving period of each year. The second is the one that comes less frequently but still far too often. I mean the real panic due to the inability of the banks to maintain their reserves and continue without curtailing the credit extension feature of their business. It is important that any scheme meet both of these conditions and contain a satisfactory remedy for both of them.

It may be well to investigate a moment just when the real cause for the crop moving stringency lies. There are two staple crops, wheat and corn, the harvesting of which causes the main drain upon the actual money circulation. The wheat is the spring wheat and the five largest producing States with the amount of their production in dollars, taken at average prices in 1910, their National bank capital and the total country production of spring wheat and

the total National bank capital are shown in the following exhibit.

	Crop value.	National Bank Capital.
Minnesota	\$88,435,000	\$21,091,000
South Dakota ..	41,581,000	3,630,000
North Dakota ..	32,494,000	4,710,000
Washington ..	9,161,000	8,742,000
Iowa	6,218,000	20,560,000
Total	\$177,889,000	\$58,734,000
All U. S.	207,868,000	932,000,000

A mere comparison of these figures without any figuring of percentages will show that there is no possibility of a proportionate interest in the National Reserve Association in any degree equal to the proportion of these States' crop production and their fraction of National bank capital.

Now, Mr. Aldrich and his supporters may set aside all this argument as a fallacy because they do not intend to district the country as outlined, but do intend to do so upon geographic lines irrespective of the bank capital plan. Maybe so, and even here the proportion would show to an even worse advantage. If this be the case the three States of Minnesota, North and South Dakota might well be chosen as one district. In the spring wheat crop this would show a production of \$162,510,000 out of the country's total of \$207,868,000 with a bank capital of \$29,431,000 out of the Nation's total of about \$932,000,000.

Also let it here be noted that a single bank can secure, according to Mr. Aldrich's plan, only as much currency from the National association as is equal to its capital. Anything beyond this amount must be guaranteed by the local association. Under these conditions it might be hard for an individual bank to secure sufficient aid, or for even a local association to handle the crop moving of a locality. Particularly is this true in view of the fact that at no time is the total amount of guarantees to exceed the total of the combined capital and surplus of all the banks in the guaranteeing association. The answer to this from the advocates of the bill will undoubtedly be that the eastern banks can by discounting paper with the National association secure a vast sum of currency, vast enough to handle this situation.

This is probably true; but can you imagine any eastern bank discounting so as to aid any western bank unless that western bank carried a mighty good balance with it. To secure this kind of aid the banks would have to carry large reserve accounts with the banks in the money centers just as they do now. This would to a large extent mitigate against the strength of the central association as it would tend to nullify the banking of reserves with it.

In addition to the two main points so far discussed, the elimination of State banks already admitted in error, and the want of a definite scheme of districts and the danger of there being an inability to secure a fair districting, there is one more very serious economic fallacy included in the proposed bill. This is that part of the bill referring to the additional circulating notes. First of all the central reserve association is to take over the issue

of bank notes as now issued by a slow and well adapted plan. It is not to issue any additional currency except upon a scale of taxation that is rather burdensome and wholly uneconomic. To take this matter up in its logical order, we must first consider the note issue of the National banks now, and second the general additional and taxed issue.

At its first inception the central association will have no regular note issue. It will slowly acquire a regular note issue by taking over that of failing National banks or by banks voluntarily reducing their issue or as fast as bonds held by banks for note issue become due and are retired. If this bill became law to become a law the very first result would be a large increase in National bank circulation. This is because every bank would endeavor to secure all its legal circulation because otherwise it would have to lose any chance ever to have this paying feature in its banking machinery. This would result in a large expansion of an already excessive currency. Of course, this currency would eventually be secured to the National association, but this expansion would be hard to avoid and of a very undesirable nature to the country at present.

Under the bill as proposed the central association is to be taxed on its excess circulating notes upon a regular scale without regard to the fundamental base of credit, the reserve held against the notes. It is plainly stated that all note issues of the Reserve Association must be covered by a reserve of one-third in gold. This is absolute, as absolute as our present 25 per cent. National bank reserve, and would make it as impossible to increase the amount of the issue as it now is to use our 25 per cent. reserve, which, after all is said and done, is one of the main troubles with our system as it is. It is surely a perfectly evident economic fact that the taxation on the amount of issue should bear some direct relation to the amount of the reserve against that circulation. Logically, this must be so, because, if a reserve is necessary at all, the larger the reserve the more secure the notes, and vice versa. Every man who has been a student of commercial credit knows that a falling proportion of goods to liabilities makes for worse credit. This being so the tax on the excess issue should increase only as its safety is on the decline. This, of course, to make a check upon an over-expansion and not, as is now the case, a curb when credit conditions may be perfectly sound.

The bill should be amended so that the issue of the additional currency could be done upon a sound economic basis. The amount of the tax should be regulated by the amount of gold reserve against the currency and might well be on the following basis.

In addition to the authority to issue notes to replace any National bank notes outstanding at the time of the organization of the Reserve Association, it shall have the right to issue additional circulating notes as follows:

All note issues of the Reserve Association except those covered by government bonds, meaning primarily those acquired from the present National banking system, must be covered to the extent of at least 50 per cent. in gold or be subjected to the following tax; if the reserve fall below 50 per cent. and be above 45 per cent., the tax shall be 1 per cent.;

if the reserve fall below 45 per cent. and be above 40 per cent., the tax shall be 2 per cent.; if the reserve fall below 40 per cent. and be above 35 per cent., the tax shall be 3 per cent.; if the reserve fall below 35 per cent. and be above 30 per cent., the tax shall be 4 per cent.; if the reserve fall below 30 per cent. and be above 25 per cent., the tax shall be 5 per cent.; and if the reserve fall below 25 per cent. the tax shall be 1 per cent. additional for every 2 per cent. lowering of the reserve.

Some plan of this kind must surely be substitute for the one put forward by Mr. Aldrich because his is manifestly uneconomic in not noting any relation of the tax to the real credit of the circulating notes, the amount of reserve behind them. The bill as it stands must suffer amendment in this particular.

One other point should be noted before summing up the argument against the plan, as it now stands, and submitting an amended or altered proposition. Mr. Aldrich is plainly striving to accomplish the elimination of State banking. This is his attitude, although reports are current that the commission will not support this feature. This determination on the part of Mr. Aldrich may be the reason for his overlooking the vast network of bank affiliation which has grown up during our modern banking conditions. This system of banks carrying bank accounts is so vast and so complicated that it would be difficult to ignore it entirely in a new monetary plan. In fact this condition with the addition of one more feature would form a very good foundation, and a very natural one, upon which to furnish a banking currency scheme to correct the currency troubles of the times, as I shall finally attempt to show.

While Mr. Aldrich seems to pass over lightly the re-deposit system, creating as it does a very intimate relation between banks, he does so because he wishes his Reserve Association to take care of all reserve complications and to have the banks carry only small balances with each other for their exchange needs. Now, as Mr. Aldrich and his colleagues know the vastly largest percentage of business is carried on by the checking system. This condition is not of a local nature or confined in any bank or to a limited area. It is a National proposition and creates that vast number of checks going through banks under the name of transit items. The collection of these items and the remittance of the collection compels a relationship between banks in which a deposit balance is a necessary condition. Under our present system the redeposit of reserves covers most of this and it is to be supposed that at least a large part of these deposits would have to remain under any system. This would to a very large extent nullify the attempt to secure a central reservoir of reserves because the amount of deposits of banks with banks would of necessity be very large to cover the expense of collecting and handling remittances on our vast check currency. While this condition mitigates against the plan of Mr. Aldrich it could be wisely used as a basis for a plan that would strengthen banks along lines of relationship already well established and make our present system more effective and stable.

To sum up the main points against the plan as submitted, we come first to the utter absence of

any provision aiding State banks. Under the system, as suggested, one sees an attempt to compel a nationalization of all banks. This is so manifestly an unfair and undemocratic proposition that even those most interested in the bill have expressed an opinion that this feature will have to be corrected by admitting the State banks to the enjoyment of the benefits of the association.

Again it is to be noted that no plan is made public as to how the districts will be organized so as to serve both the money interests and the agricultural. The selection of fifteen districts and the very peculiar working out of the average capital per district when applied to the map by sections, leaving a very large proportion of the control in the east is very significant and the plan should not be carried further until this feature is clearly put forth. There is always a fear that in some manner the monetary east is getting a strangle hold on the money of the country. The plan of districting is beautifully in the haze and it has been clearly shown that a logical districting, using the methods used throughout the rest of the bill would result in an eastern control to a large extent, and a certain control by the monetary centers of the east and middle west: a control by the monetary centers not by the country, with a very small voice by that part of the country producing our big staple crops, that have more than once saved the country from the smash that would have come from the reckless financing of the east and these very monetary centers.

More important perhaps than either of these two is the very uneconomic method of taxing the excess issue of the central association. The plan of a tax graduated upon a certain definite excess issue without relation to the security or reserve behind the issue appears to a student of credit as almost too laughable to be very seriously considered. The real strength of the excess issue is directly related to the reserve behind the issue and as the reserve goes down so should the tax go up both to check a further decline and because a worse or more dangerous risk is absolutely worth a bigger interest rate.

As stated in my opening I will now propose in outline a plan to accomplish the main thing which Mr. Aldrich hopes to accomplish through his plan, and that with less change from our present system, with no possibility of monetary center control and with no chance of the cry of politics. It is thoroughly economic and based upon sound credit lines.

In place of making an artificial division of fifteen districts I propose to use as a unit the reserve city banks and their clearing house organization as the local center, and the United States Treasury as the central organization. This, because it follows the line of our system as already organized. Under the system we now have, the chain extends from the country banker through the reserve city and then to the monetary centers. The reserve city banks know, through their credit departments, the standing of the country banks on their books and have a pretty accurate knowledge of their methods and the character of their business. To be very brief, they understand the actual strength of their tributary banks and the character of their business.

Now, I would have the United States Govern-

ment print and hold in the vaults of its treasury a vast quantity of government notes, in a manner similar to the banking system of Canada, these notes not to be issued and consequently not a liability except upon conditions about to be named.

We will now suppose a crop moving period and a demand for money, say in Minnesota. The grain grower finds that he can no longer make all his payments by check because the harvester being a transitory resident must take a bearer money. The grower must meet this condition and so asks his bank for hand to hand actual money. He has the right even if his deposit has been created by a loan or discount. His local bank is very glad to accommodate him as long as the supply of ready money lasts and then it becomes necessary for the bank to call upon the reserve agent in the reserve city. The reserve agent in turn pays willingly as long as the ready money can be paid out and the reserve kept intact. But nearly always the strain becomes too great and either the reserve bank calls upon the central reserve cities or has to curtail loans, or both. The bank has plenty of perfectly good assets in its discounts and bills receivable but they are not demand, although in part they may so be called.

This is the condition under our present system, and can do nothing except cause a drain on the central reserve system. I contemplate allowing the reserve city banks to go before their clearing house finance committee with a list of bills receivable and secure their endorsement, without recourse, as to the validity of these securities and a statement that they are of good value. They are then to be allowed to attach them to their own note, leaving in margin of 25 per cent., and present them to the treasury of the United States or one of its branches and secure a quantity of the currency just mentioned. This currency at that time becomes a liability of the government secured to the government by securities deposited with a margin of 25 per cent. for safety.

When the strain has been relieved and money begins to come back the bank which has taken out the currency can retire it by making a cash deposit with the Treasury Department. Its securities will then be returned to it and the currency retired. It does not necessitate the paying in of the original brand of notes but a like amount of legal tender money. Probably a good deal of this special form of currency would not be returned but would become an integral part of our floating currency.

To control the issue I would make it necessary for any bank having out this issue, to submit a record of its reserve every week showing the average for the week, and for every $\frac{1}{4}$ point below 25 per cent. I would have it taxed $\frac{1}{2}$ of 1 per cent. for this currency issue plus $\frac{1}{4}$ of 1 per cent. if the local clearing house banks guaranteed the notes for deposit which they would have to do if the amount of currency asked for exceeded the capital of the bank.

Lack of space prevents a further exposition of this plan, but in closing I wish to state that some such method based upon the knowledge and affiliations of a local reserve city clearing house seems far in advance of any arbitrary fifteen district plan. It prevents any unequal territorial control of the source of supply and accomplishes its end with less change

from our present system, adapting to our needs its strong and already well-equipped credit system of information about, and understanding of conditions. It is economic, local, non-political and flexible, not uneconomic, central and fraught with political danger.

SECOND AFFIRMATIVE.

By Robert I. Simons, of Chicago.

WHEN I read the announcement in the Bulletin offering prizes for the best essays in favor of and against the Aldrich Reserve Association plan, I immediately determined to write one on the negative side. Preliminary to writing I read and studied all the matter I could obtain regarding the idea, as well as the measure itself, and jotted down my conclusions as they came to me. The result was a mass of unconnected arguments in which those strongly in favor of the National Reserve Association greatly predominated, and I was forced by my own logic to take the affirmative side of the question. What follows is simply these thoughts put into readable sequence with the hope that they may prove of some value in convincing others, like myself, of the wonderful, beneficial possibilities assured by the adoption of this system.

The feature of the plan which most favorably impressed me was the apparent desire to be absolutely fair to all interests. Evidently the National Monetary Commission was determined to prevent any criticism on the score of their scheme being a plot devised by the big financiers to gain control of the entire supply of credit for their own private ends, and to the detriment of all others. There may be such criticism, as even the charities of wealthy men and corporations are viewed with suspicion in some quarters, but no fair-minded man will be able to find a particle of evidence to substantiate it.

In no section was this so forcibly emphasized as in the provisions for the election of directors and executives of the Reserve Association, its branches and the local associations, and in the manner the stock should be distributed. These need but to be read and understood in order to prove my assertion, but in order to show that anything but impartial control is not possible, I will state that every bank must hold an amount of stock equal to twenty per cent. of its capital, but no bank is permitted to hold a dollar's worth more. Bearing this in mind glance at the figures below:

Capital of National Banks of New York

City	\$120,000,000
Capital of National Banks of New York, Chicago & St. Louis.....	182,000,000
Capital of all other Reserve Cities.....	243,000,000
Total Capital of All Reserve Cities.....	425,000,000
Capital of Country Banks.....	577,000,000
Surplus and Undivided Profits of all Reserve Cities	441,000,000
Surplus and Undivided Profits of All Country Banks	433,000,000
Grand Total both items Reserve Cities...	866,000,000
Grand Total both items Country Banks..	1,010,000,000

These figures speak for themselves, and any comment would be superfluous.

There is only one proposition on which it would be possible to unite all the Reserve City banks with their varied interests, and that is a fair and practical plan for the betterment of our banking system which would be to everyone's advantage. A country wide banking trust is about as feasible as a national combination of farmers to demand exorbitant prices for their various crops. Consequently the centralization of power argument will be available only with ignorant audiences.

The amendment suggested by the Currency Commission of the A. B. A., giving the directors of the National Reserve Association power to choose the executives, caused me to think a like provision in regard to the branches might be beneficial. By thus putting the branches under complete local control the plan could be popularized and the opposition weakened while no loss in efficiency could result. It would certainly be a good talking point with the country banker, and aid in passing the measure.

Some writers think that five per cent. maximum dividends and the diversion of all profits over that to the government after a twenty per cent. surplus has been accumulated does not give the banks a reasonable profit on their investment, and that they will not subscribe for the stock. However, only fifty per cent. of the stock is called for in cash, the remainder being a liability of the bank, and there is every likelihood that the amendment suggested by the Currency Commission of the A. B. A., which allows one-third of the profits over five per cent. for perpetual addition to the surplus, will be adopted. Sound banking reasons have been advanced by the country's most able financiers in support of such action, in which recompense for the banks cuts no figure. The gain for the banks will be found in the general advancement of banking, which will prove inducement enough.

The two experiments our nation made with a central bank were wrecked by politics, but any danger from that source for the Reserve Association is impossible. The amended plan provides for the election of the governor and deputies by the directors instead of being appointed by the president, as in the original draft. By this action the only foothold for political patronage was destroyed, so those who are looking for jobbery and graft in the measure may better quit and save their eyesight.

The success of the National Reserve Association depends greatly upon what provision shall be made regarding the national currency and the redemption of the two per cent. bonds held against it, which are practically all owned by the National banks.

The banks can hardly be expected to furnish a gold reserve for this currency unless the Reserve Association be given the power to cancel the notes and sell bonds, without loss to replenish its stock if a drain on its supply should start through that channel.

If the Reserve Association plan is ruined through narrow minded treatment of this issue, it will be a severe disappointment to all intelligent and patriotic citizens who conscientiously wish for improvement in our currency and the banking systems. Should the question be handled as suggested by Mr. Forgan, a favorable outcome will be assured. Briefly stated,

Mr. Forgan's tentative proposition was for the Government to refund the two per cent. bonds with a new issue having a definite date for redemption which, under ordinary circumstances, would command from the investing public a price equivalent to that paid by the Reserve Association for the two per cent. bonds. The Government would be reimbursed for whatever increase in interest might be necessary to effect this by a tax upon the currency which would offset the difference in rates.

Mr. Forgan's argument in support of his plan cannot be answered except upon the narrow minded foolish ground that because the present method permits the Government to make loans at the lowest rate of any nation, it should not give it up. In combatting this claim it could be shown that many nations, including our own, have often made loans without interest through the medium of a fiat money, and whether the Treasury issues the currency direct or sells bonds to others with that privilege attached makes no real distinction. Without restrictive provisions the volume of both depends upon the needs of the Treasury, the greenbacks immediately, and the bond secured currency eventually, and if their volume be increased beyond the legitimate needs of trade, they will depreciate. One is no more sound or less a menace to financial stability than the other.

Anyone desiring proof of these statements will find it in any authentic history of our greenbacks and national currency during the Civil War and up to the time of the Redemption Act.

It may seem that the making of the national currency into reserve money over-night would cause a tremendous inflation, but when it is borne in mind that State banks have always counted it as reserve and that National banks have industriously exchanged it for other money, it is plain the danger is more theoretical than real.

If the redemption of the two per cent. bonds presents an obstacle which seriously threatens the plan for a reserve association with defeat, the matter might be compromised in order to save the measure for its benefits in other directions.

One way would be to allow the status of the national currency to remain as it is. Its nature is well understood and a future time would eventually offer an opportunity for its disposal.

Unless fair recognition is accorded the State banks, the plan will fail to unify our banks into a coalescent system, which is its principal object. In fact, considerable resentment and opposition may be aroused because of the added privileges granted the National banks. The State institutions are more than twice as numerous as the National, and control about sixty per cent. of the total deposits. Their number and power, therefore, entitles them to more than passing consideration in a banking measure intended to be national in character.

Of course, all banks permitted to join the local association and to hold stock in the Reserve Association must meet all the requirements on equal terms, but there is nothing in these that could even slightly counterbalance the great advantages to be gained by co-operation. The questions of capital and reserve, and their vital bearing upon legitimate banking are well understood by State bankers generally, consequently no real opposition is likely be-

cause of provisions concerning these items deemed wise by such bodies of men as composed the National Monetary Commission and the Currency Commission of the A. B. A.

If capital requirements are necessary to prevent a bank having the opportunity to swell its deposits out of all proportion to its capital, it seems to me the most sensible policy to have them applied directly. Therefore, I would frame the law so as to demand a certain proportion between capital and liabilities instead of making it dependent on the size of the town. No injustice would be done anyone by such a change, and it would help outlying banks in large cities. The charge of trying to squeeze out the little fellows could not be brought if this plan was adopted.

It is now thoroughly recognized by real financiers that banks loaned to the limit in ordinary times have no alternative but to contract at a heavy cost when a crisis approaches. Consequently there will be but slight trouble over the reserve rules, notwithstanding the fact that many States have no requirements in this respect. Some think that the State banks generally take full advantage of this liberality and do business on as small a margin as possible, but this is no more the case here than in Canada, where the reserves are left to the bankers' discretion. The idea that reserve money in the vault was a dead loss with no recompense died in 1907, and will never be resurrected.

Nothing illustrates the truth of the above statement better than the recent developments in New York, which go to show that fixed legal reserve laws are becoming of little importance. It seems incredible that the legislature of the richest and most populous State in the Union should pass a law permitting banks to count certain city and State bonds as cash reserve, but such is the case. Not only that, but when the banks refused to take advantage of the law the framer of the original bill drew up another to investigate the New York Clearing House for alleged undue influence in forcing such action. However, I believe the latter bill died a natural death after the State banks submitted a statement which explained to the lawmakers in detail why they did not make use of the law's liberal provisions. The only reason, in this statement, to which I wish to call attention was that they deemed it unwise to carry on business along such lines, and that the cash reserve they held was dictated by their own judgment and not by the Clearing House Association.

The action of several New York trust companies which recently increased their reserves in order to become members of the clearing house is indicative of what will happen on a larger scale if the advantages of the National Reserve Association are opened to State banks. Present indications are all in favor of this being done.

The incalculable benefits to the banks and the country such a consolidation of the two systems would bring grows larger and wider the more its possibilities are studied. Not the least of these is the influence which the directors of the Reserve Association, its branches, and the local associations will exert toward improvement in banking methods and preventing undue speculation or inflation. The honor of serving on a directorate, supervising the activities of what will be the biggest financial system in the

world, will inspire the best men with a desire for the office. The men whose worth, integrity and financial knowledge stand out as superior will be chosen because, under the conditions imposed, political chicanery and wealth can cut but little figure in the selection. Their influence in office will be wide and go a long way toward making banking the learned profession it should be. It may even become a matter of pride among the executives of the local associations to have the banks under their jurisdiction perform their functions in a most exemplary manner and a friendly rivalry spring up as to which serves its constituents most efficiently. The mistakes of the past resulted from the inexperience of our merchants and farmers in the field of banking, but their interest in the manner in which the Reserve Association will handle financial problems is certain to be of great educational value.

Papers will be read and many lively impromptu debates held, all of which will tend toward the uplift of banking.

The weekly statements will be of inestimable value because of the continuous publicity they will afford on the banking situation. There can be no unseen inflation to grow and grow and finally terminate in wholesale disaster. The statements will disclose it early to the trained eyes of the Reserve and local association directors, and the danger will be obviated before any damage becomes possible. Not as one barometer, but as fifteen, the demand for discounts from the Reserve Association will indicate with unfailing accuracy financial conditions in all parts of the United States, and an accurate forecast of future situations will be made easy.

At present what is termed cash reserve is practically a hoard of money kept in the vaults of the banks as a sort of margin given depositors for the safe keeping of their funds. It is used only in case of failure, and then it is generally found that someone has had first crack at it. Let us hope that in the near future the reserve fund will be made (what its name implies) a reserve force to be judiciously applied when the situation demands it. A general who would take the pick of his troops and place them in a safe quarter to be used only in event of his annihilation would be called rightly an idiot. Yet this is exactly what the law compels the banker to do with almost all the cash held by him.

Under the rule of the National Reserve Association this will all be changed. The reserve money will then be held in one fund for the added strength and protection of both banks and depositors. In times of stress it will give to city and country banks alike the means of rediscounting under absolutely safe conditions, a privilege now ineffectively and imperfectly used by Clearing House Associations in the large cities through the medium of clearing house certificates. The country banker, however, is compelled to meet conditions as best he can.

The absolute fairness to all concerned shown by the National Monetary Commission in their provisions for rediscounting, and the practicability and sound financial sense of the method employed must command the respect of all bankers. Where is there room for doubt that this function will accomplish all that is claimed for it?

The strength of our banks and the terrible weakness of our system was brought out with emphasis by the crisis of 1907. During the period these panic-stricken banks bought gold abroad and imported it with exchange at the gold exporting point, a very expensive operation and one impossible for any but sound, wealthy corporations. The economic folly of this action was brought out plainly when, a few months later, this dearly bought gold was returned to Europe at a discount. It was not needed, and consequently its value, as measured by the demand from other countries through the medium of foreign exchange, fell to a mark which gave exporters a profit. The non-existence of a banking system worthy the name, and the demoralization of the banks on that account cost this country dearly.

With plenty of cash in their vaults the banks felt obliged to resort to gold importations because no lawful provision had been made for the use of what they had. The result was that they ceased their function of dispensing credit and, because of lack of facilities for unified action, became competitors in a mad struggle to hoard money, causing a most prosperous year to end with forced liquidation and loss on all sides.

Had the National Reserve Association with the weekly bank statements been in existence at that time, the strained credit situation would have become apparent earlier and gradually checked, while the banks could have avoided a complete stoppage with resultant disaster through the safe and sane method of rediscounting provided.

It seems incredible that anyone with the history of our latest crisis in mind, and understanding the plan for a National Reserve Association, could be anything but a staunch supporter of it. The whole country will benefit by the smoothness with which finance will be carried on. There will be no periods of exorbitant interest, no undue speculation or inflation, no curtailment of trade for lack of credit, no fear of tight money and no wild calling of loans.

The advice of the "Gold Report" to discount freely in the face of a panic and thus turn it aside can be followed. The closer bond inspired by mutual interests may ultimately lead to the free exchange, between banks, of all information regarding borrowers, and the consequent annihilation of crooked business deals.

Summed up in a sentence the National Reserve Association plan is a recognition by the committee which framed it of the old, old principle, too often overlooked, that "the good of one is the good of all, and that they who profit through injury to others do so at their own future discomfort."

SECOND NEGATIVE.

By E. A. Havens, of Providence.

IN preparing a criticism of the plan suggested to the United States Monetary Commission by its Chairman, Hon. Nelson W. Aldrich, it seems the part of common sense to determine, if possible, the principal necessities of our financial system, and to show that this plan does not meet these necessities.

Students of finance are pretty generally agreed that the weakness of our present system is in the bond secured National Bank Currency, and the lack of a central control of the reserves of banks throughout the country.

It is imperative, therefore, that the Aldrich plan, or any plan which will accomplish our financial regeneration must deal with these problems in such a manner that their power for evil will be reduced to a minimum, without undue disturbance of our present system, or jeopardizing of present investments.

It is my purpose to show that the Aldrich plan does not meet these requirements, and further than that it will, if the ideas of its author are adopted, result in the demoralization of our present methods by the necessity of legislation obnoxious to their interests.

It should be remembered that the Aldrich plan as submitted to the Monetary Commission is to be considered in this article, without taking into account any amendments to which its distinguished author is reported to have since given assent. It seems fair, however, to consider the letter accompanying the plan to be an official explanation of Mr. Aldrich's views and aims, and to refer to it where there is doubt on these points.

Briefly stated, the Aldrich plan contemplates the establishment of a corporation to be known as the Reserve Association of America, the capital of which is to be three hundred million dollars. This capital is to be subscribed for by National banks only, in such proportions as the plan provides.

The country is to be divided into fifteen districts within which branches of the Reserve Association are to be formed, these branches electing fifteen of the forty-five directors of the Reserve Association. From these forty-five directors an executive committee is to be chosen who will really constitute the managing body of the Association.

The Association will receive deposits from National banks owning its stock and from the Government of the United States only. Deposits made by banks may be counted as a part of their lawful reserve.

Within the fifteen districts mentioned local associations of banks are to be formed which will have delegated to them certain functions connected with the business of the branches and the Reserve Association itself.

It is plainly obvious that this organization, by whatever name it is designated, is a central bank in principle and effect. Shorn, it is true, of some of the usual functions of a bank, it does still perform the cardinal acts of the central banks of Europe, viz.: centralization of reserves, issue of currency, and maintenance of public credit.

We have mentioned as the necessary principles of our financial reform the retirement of bond secured currency, and the centralization of reserves without undue disturbance of existing conditions. Let us see how the Aldrich plan proposes to solve the first of these problems.

It will at once be seen that the difficult part of this problem is to dispose of the bonds held to secure circulation without loss to the banks owning them.

It is suggested that for one year the Reserve Association shall accept, at not less than par and interest, all such bonds bearing interest at 2 per cent., which are to be held for not less than ten years, although the privilege is given of disposing of certain amounts in a shorter period. The Association is to assume the redemption of the notes of the National banks as fast as they are presented and is to issue its own notes to replace those retired.

It is quite clear that there will be absolutely no market for 2 per cent. bonds as an investment unless sold on a 2½ per cent. or 3 per cent. basis, and this loss must fall on the banks owning stock in the Association, although all National banks, whether stockholders or not, may dispose of their bonds at par. A dependable authority has estimated that at the end of one year seven hundred millions of 2 per cent. bonds will have been sold to the Association. What a millstone to hang upon the neck of a new and untried system which is expected to pay cumulative 4 per cent. dividends to its stockholders, and to build up a surplus as well.

On the other hand banks now issuing notes are permitted to continue doing so. It is not an impossibility that a sufficient number may prefer to continue their circulation to render the whole plan of retirement a failure.

Almost all the ills that financial flesh is heir to have been charged upon the National bank currency. One distinguished Congressman has, in the paroxysm of his rage, declared that our bond secured note scheme was purely a bond selling project, and is to-day only a bond speculating device, and that the outcome to this country has been an unmitigated curse.

It is therefore pertinent to the scope of this article to inquire "What really is the matter with our National bank currency?" It passes without question in all parts of our land and in many foreign countries. It is redeemed in gold; it is secured by the faith and credit of the United States and has for more than a generation served our people in manner unsurpassed by any bank note currency in the world. Why, then, is it such a bugbear to all students of finance?

I notice in the first place that scientifically considered it is not money at all; it is simply a lot of collateral notes which the people accept because they believe the makers and the collateral to be good.

The United States Government treats it for exactly what it is, collateral notes, while the general public accepts it as money. The National banks are not allowed to include the notes of other banks in their reserve, nor will the Government accept them in payment of duties on imports.

A common objection to the bond secured currency is that it is not governed by the demands of trade, but by the price of government bonds.

I take issue with those who make this charge. What may have been true a quarter of a century ago is not necessarily true to-day, and the charge that the National banks make the issue of their currency a vehicle to speculate in government bonds is, I believe, a misconception of present day conditions. The variation in the price of government bonds is so small

that the banks could not be induced to take out circulation for such a purpose.

The idea of speculating in 2 per cent. bonds is so absurd as to be almost ridiculous. Neither can banks be expected to throw over their bonds at the varying conditions of business and still less can they be expected to retire circulation and carry the bonds as an investment.

The difficulty with the contraction or increase in bank circulation is not with the banks, but with the traders themselves, who persist in treating it as lawful money, and accept it in payment of debt without the slightest discrimination between it and currency which is made legal tender by governmental action. Suppose that for one week the commercial world should refuse to accept bank notes and should demand lawful money. I apprehend that it would speedily be demonstrated that the public has in its own hands the means of contracting or increasing the bond secured currency. So long as traders will not do this, the matter of issuing notes must be placed in the hands of some central agency that will itself contract or increase the bank circulation, according to the needs of trade, and not permit it to become a species of inflation as it is to-day.

But, admitting the National bank currency to be as bad as it can be, have we no other currency which may be a stumbling block to our financial greatness?

How about the \$346,000,000 of United States notes and the \$600,000,000 of silver certificates? Are they covered by such adequate security as to present no problem for our solution?

There can be but one answer: "Their disposition presents one of the gravest difficulties with which we have to deal." Yet on this subject the Aldrich plan has nothing to offer.

Let us see what the Aldrich plan has to offer regarding the National bank currency. Having disposed of the bonds at considerable sacrifice and loss to the banks owning them, it actually proposes to continue to issue a bond secured currency with all its evils, real and imaginary, for undetermined years to come, mitigated only by the provision that these notes must be covered to the extent of one-third in gold or lawful money, i. e., United States notes, which are maintained at par not through any inherent value of their own, but purely because the United States has thus far continued to redeem them in gold when required to do so.

In addition to this the plan continues the antiquated system of taxing the Association's note issue when exceeding the amount of the National bank currency which it redeems.

Who, then, will really pay this tax? The Reserve Association? No. The bank through which it is circulated? No. The public will pay the tax through increased rates on loans—the "ultimate consumer" must as usual bear the burden.

But with a tax, however great, the Association cannot control the use of its notes by the public. So long as there is use for them they will remain outstanding and the burden of the tax will continue. To retire even \$100,000 would doubtless be a matter of weeks, while many months would be required to liquidate \$100,000,000.

We must not forget that one of the basic principles of the Reserve Association is to "provide a more scientific basis for bank note circulation, so that the volume of circulation will be responsive to the needs of business."

The proposition to tax circulating notes shows either a profound distrust of the machinery of the Association or of the judgment of the men who may be called to manage it.

With equal justice a tax might be imposed on book credits which would be obtained in exactly the same way—by the rediscount of bankable commercial paper as defined in the plan.

Give the country all the currency which it can legitimately absorb, and, if tax there must be, let it be placed where it can be controlled by the taxed, and not be subject to the caprices of the public or place a burden upon the operations of credit.

Modern finance recognizes two adequate securities for currency issues—gold and bankable commercial paper.

If we are to rebuild the fabric of our currency let us lay the foundation deep and strong upon these two—the one on account of its inherent value, the other on account of its constant daily process of liquidation.

Any plan which falls short of this is leaving for future generations a legacy of financial incompleteness which time will accentuate with no uncertain consequences.

The centralization of reserves is to be accomplished by the voluntary deposit of banks in the Reserve Association as well as the cash balances held by the Government.

A well known bank president has publicly stated with much vehemence that the only deposits expected of banks are such as they now carry for their cash reserves.

I find nothing in the Aldrich plan to warrant such an assumption. On the contrary, its author states in his letter of January 16, 1911, that it is the purpose of the plan to utilize a considerable portion of available funds now absorbed in stock exchange loans in such a manner that they may be used in legitimate business enterprises.

There seems to be only two ways of accomplishing this desirable end, one of which is the increase of cash reserves carried by banks and the other the regulation of that gigantic evil of modern banking—the payment of interest on demand deposits.

A factor of such potency that within a generation it has entirely changed the relation between banks and their depositors. Unsound as a business policy and opposed to all principles of conservative banking it has, more than any other influence, forced the banks into stock exchange loans as the only alternative to tying up their funds in dead time loans or letting them remain idle.

Upon this question so fraught with dangerous possibilities the Aldrich plan is dumb.

Are the interests of our National bank stockholders of such slight account that they must continue to shoulder the losses arising from this system?

It will doubtless be argued that a reform of this system should come from within and not from without.

It undoubtedly should, but human nature is such that reforms rarely come in that way.

In these days when the rights of the masses are constantly held as paramount to the rights of the classes, it seems that the great mass of bank stockholders are entitled to some relief from the liability which this custom has imposed upon them.

Mr. Aldrich evidently expects that his plan will result in the establishment of a discount market in this country similar to those in Europe and that this will prove a remedy for the necessity of banks investing in stock exchange loans.

The argument is not convincing.

The vast sums of money now held as reserve are to be so mobilized that they are available to any stockholders in the Reserve Association. Nothing seems to prevent a considerable portion of this money finding its way to the great speculative centers, thereby really augmenting rather than decreasing the amounts available for stock exchange business.

The weak point in Mr. Aldrich's plan for centralization of reserves lies in the fact that it is not of universal application to all banking institutions.

There are throughout the country State banks and trust companies which are large depositors in the National banks.

It follows, therefore, that, in time of need, these great depositors will demand, and undoubtedly receive, the same assistance that is extended to other depositors. Thus these banks will indirectly enjoy all the advantages of the Reserve Association, without any of its obligations, and the cash reserves of National banks will be used to bolster up institutions equally able to accumulate and carry reserves, and over which neither they nor the National Government has the slightest control. This point is accentuated by the fact that these institutions outnumber the National banks more than two to one.

A well known financier says pertinently in this connection, "I can't see why banks will want to place their reserves in the hands of a reserve association," and surely if there is even a remote possibility that their cash reserves will be used to aid banks which have no part or parcel in the Association, it is difficult to find a convincing argument in favor of this feature of the Aldrich plan.

The deposit of National banks in the Reserve Association is permissive, not obligatory.

We have now considered at length the factors which are to be eliminated from our financial system and it seems pertinent to inquire if anything is necessarily to be added to it.

The discount market of foreign countries appear to have filled a position in their financial systems for which we have no parallel in the United States. It is impossible within the limits of this article to explain in detail the workings of this system. Briefly stated, it contemplates the co-operation of both the mercantile and financial strength of a nation, to sustain the credit of its people instead of depending entirely upon the resources of the banks, as we do in this country.

It has been held that without the discount system the central bank system is ineffective—one cannot exist without the other—and further that the

entire financial systems of Europe are based upon this interdependence of the two.

We must therefore conclude that a central Reserve Association cannot properly fulfill its functions without the adjunct of a discount system. Mr. Aldrich has evidently recognized this fact and has given much space to the methods of dealing between the Association and its stockholders. The question however, is not so much regarding these methods as it is the broader one as to whether a discount system can safely and efficiently be grafted upon our present method.

The vital point of the discount system is in the lending of the bank's credits to the maker of a Bill of Exchange by the acceptance thereof by the bank. In European countries where banks are few this method may work efficiently, but in a country like the United States, with twenty odd thousand independent, competing banking institutions, it is a problem of entirely different standing.

It seems highly probable that banks would soon use this power in unhealthy competition with each other as they now use the payment of interest on deposits. The writer has recently heard of a large bank in a western city offering, unsolicited, to loan to a certain corporation several hundred thousand dollars. It is but a step further to offer the banks credit whereupon its neighbors will be obliged to meet such conditions in self-defense.

The fact is that the American public is disposed to strain the accommodations and resources of the banks to the utmost limit. Instead of assuming the position of a suppliant asking for favor, it is that of a master demanding a right. The least show of hesitation or independence on the part of a bank is liable to result in the loss of valuable business, and a black mark against it in the business community. We should therefore go very slowly before adopting a system which will further encourage competition between banks and render their customers still more insistent in their demands. The American people may in time wake up to the belief that sound banking is the strongest basis for a nation's credit in times of stress, but until that time arrives it is folly to place the conservative banker in the position of refusing what his less scrupulous neighbor will give and even may offer unasked.

Let us in closing review the objections:

First. The plan, in providing for the retirement of National Bank Currency, places upon the Reserve Association the burden of carrying and disposing of the 2 per cent. United States bonds now held for circulation, the shrinkage upon which must be borne by the subscribing banks.

Second. The centralization of reserves includes the cash balances of only one-third of the banks in the country and thus falls at the outset in its most important function.

Third. The plan makes no provision for regulating the payment by banks of interest on demand deposits.

Fourth. The plan is ineffective without the establishment of a discount system which, if adopted, will introduce a new and dangerous form of competition between banks.

Fifth. The plan presupposes a spirit of disinterestedness in the National banks with which they can scarcely be credited.

They are to be deprived of their circulating notes on which there is still some profit and much convenience in a regular supply of new currency; they are accorded the high privilege of subscribing to the stock of the Association with a possible prospect of 4 per cent. or 5 per cent. dividends; they will be in duty bound to prevent panics by using their privileges in the Reserve Association for the benefit of trust companies and other State organizations.

Sixth. The National Government is given representation on the governing body of the Association out of all proportion to its interests therein.

Seventh. No provision is made for reserve against deposits nor for a sufficient cash reserve to meet circulating notes presented for redemption.

Eighth. It provides for the indefinite issue of currency partly secured by bonds and contemplates the taxation of issues beyond a certain amount.

Ninth. Upon general review of the plan it may with good show of reason be called a plan of half-way measures. It does not absolutely require the retirement of National bank circulation and it centralizes only a portion of the reserves of the country.

Again, I must repeat: "What a millstone to hang about the neck of a new and untried system."

GOLDEN RULES FOR BANK AND TRUST COMPANY OFFICERS.

By I. L. Jones, Assistant Cashier of the Mercantile National Bank of St. Louis.

There is nothing more gratifying and helpful in the exacting routine duties of our daily life, than intelligent, prompt and efficient service.

We all recognize the legal requirement to forward cash items to their destination with due diligence and to responsible agents. It is of equal importance that the collecting bank should promptly credit and advise, or remit to cover the items upon receipt. When this is done the exchange is complete.

The growth and development of the banking business is largely dependent upon the confidence which we inspire in our depositors. We are the custodians of their wealth and the guardians of their financial interests, and it is a paramount obligation to discharge the trust imposed by our responsible positions with fidelity.

Banks and trust companies perform so important a function in commerce, as collecting and forwarding agents, that the standard of efficiency should be kept at the maximum by an earnest and united effort to render to our customers and to each other the highest possible service.

This can only be done by co-operation in handling the vast business which is entrusted to our care, with courtesy, accuracy and dispatch.

Experience in the Transit Department has suggested the following rules:

Inbound Mail.

Open all mail immediately upon its receipt, do not delay for there may be notes enclosed due that date subject to protest.

Read all letters carefully and obey instructions.

Outbound Mail.

Route all items through correspondents most accessible to the point of payment.

Before inclosing items for collection and credit or remittance, see that they are signed, dated and

properly indorsed. See that the amount expressed in the figures agrees with the amount written in the body.

Enter the amounts correctly and see that the footings agree with your proof.

Write plainly your instructions for protest or no protest and request for wire of dishonor.

Deposit your mail in time for the first train.

Remittances.

Remit for all items on date of payment.

Make returns in exchange available as cash to the owner.

Remit for the amount of the item inclosed for collection instead of the number of the indorser.

Remit at par for bank or trust company drafts.

Remit for drafts drawn with exchange at par.

Never inclose a remittance without giving a description of the item it is intended to cover, or instructions for its disposition.

Do not delay your remittance on account of insufficient funds; if your balance with correspondents is too small to cover your draft, ship currency by registered mail, insured, or make a loan.

Do not accumulate collections and remit for several items under one cover to save postage.

Always sign your drafts before inclosing them, and make the body and figures correspond.

Make the draft payable to the bank or trust company, who indorsed the item to you for collection.

Address your envelope to the payee of your draft.

If correspondent is handling your collections without cost, you should reciprocate, and remit for his items on your town at par, but if you must charge exchange, let it be reasonable, never in excess of what you would be willing to pay for a similar service.

Instructions.

Adopt uniform terms for instructions.

Do not say "Items marked X Protest," when a majority of banks say "Items marked X No Protest."

Do not hold cash items for the convenience of parties, but protest all unpaid items unless otherwise instructed, and return them immediately.

Give reason for dishonor of paper.

Tracers.

Reply promptly to tracers.

When tracing by wire or letter, always give date of your letter in which the item was inclosed, also the amount and where payable.

Duplicates.

Issue duplicate drafts to correspondents without unnecessary delay. Many letters are lost daily in the mails; it only retards business to adopt any fixed time for issuing duplicates. After application has been received give full description of the original draft and notify your correspondent that a duplicate has been issued, after which your responsibility ceases.

Correspondence.

Reply promptly to all communications.

If the matter is of sufficient importance to require a letter, it should merit your attention.

Correspondents are entitled to the same consideration as local customers, but remember they can only rely on your business integrity.

Do not ask your correspondents to do for you that which you would not be willing to do for them.

Finally.

Promptness, courtesy and accuracy are what they expect; do not disappoint them.

Vigilance, precision and lowest rates will insure you a place in the classified list of representative banks.

In banking circles, as elsewhere, it is true that "BY THEIR FRUITS YE SHALL KNOW THEM."



INSTITUTE CHAPTERGRAMS

COME, YE HOOLIGANS.

By Max Adamsky.

Come, ye Hooligans, Heighten your Brows;
Gone are the charms of political rows.
Never again can the hand that is glad
Bamboozle the Institute members like mad.

The downtrodden Highbrows have opened their eyes,
And seeing things makes them exceedingly wise;
The ancient steam-roller no longer can crush
Institute brains in political mush.

But malice sits not on the Brows that are High,
They do not propose to hog Institute pie;
All that they ask of the Hooligan dragon
Is to take a sure seat on the Highbrow band-wagon.

ATLANTA.

By G. C. McWhirton.

ATLANTA Chapter is getting down to hard work for another season, the first meeting having been held in September, looking towards the establishment of a regular study course in banking for which we have a special instructor engaged, and likewise the course in Commercial Law, which will be conducted by Attorney Robert Parker, who rendered such splendid service to the class last year.

Our delegates to the Rochester convention returned full of enthusiasm about the sessions, and brim full of vim and determination to make things hum with the local chapter during the year. Three meetings a month are being held now, in the Atlanta Chamber of Commerce, and an adding machine contest will be held on November 14th, with two splendid prizes to be contested for; the first a beautiful loving cup, donated by the Burroughs Adding Machine Company, to the man who wins it three successive times, and a second prize of a gold medal. The holder of the cup at present is A. F. Krober, of the Fourth National Bank, who made time of 4.17. Other events for the fall season planned are several debates, and the annual banquet to be held probably late in November. We expect to make this our best year, and Atlanta, the banner Southern city chapter.

BALTIMORE.

By J. L. Hoffman, Jr.

THE members of the local chapter are at last ready for work and we believe from the interest and energy displayed that the year will be one of unusual success. It is the plan of our President, C. K. Wells, to hold one open meeting a month

that will be presided over by a local banker and which will be addressed by an out-of-town authority on some banking topic, after which we hope to have a prominent Baltimorean talk to us upon a subject having local financial interest, the meeting to be closed by an entertainment feature. We will concentrate all of our educational efforts upon a course in law, the class to meet every Tuesday evening. Interest in the study course seems more intense than ever before and we are confident of having the largest class in the history of the chapter. Our opening meeting is scheduled for the evening of November 2d.

On Tuesday, October 24, the chapter gave its annual theatre party at Ford's Opera House, to witness a performance of the "Cave Man," with Robert Edeson in the title role. We all laughed heartily during the play and since hearing the treasurer's report of the goodly profit the performance netted the chapter, a smile will remain with us, potentially at least, for some time to come. My, but don't these country club appendages cost a lot of money? Next time we take a flyer we are going to try a white elephant. We might find some use for the beast during the long season between the subsidence of the spring baseball fever and its recurrence the next year especially if he is fond of weeds. But it certainly is an attractive spot—as pleasant as Arcadia and almost as accessible—but it is very expensive to maintain.

Our bowling league has opened its season with the usual enthusiasm, and it is usual for said enthusiasm to grow unremittingly until the prizes are awarded along about May 30th. There are ten teams in the league this year and some of the members attend the law class.

A number of the members of our chapter, including the Board of Governors and the Nominating Committee, gave an informal dinner, recently, to Raymond B. Cox, in honor of his election to the Presidency of the Institute. It was an altogether happy party that sat down to enjoy the Raleigh's good fare and midnight found the crowd still discussing chapter problems or exchanging Convention reminiscences, some of which, by the way, were far from conventional. President Wells, Herbert H. Owens, Grayson Ray and Carl Wagner explained to our guest and the rest of us what a fine President we had chosen and then the honored guest told us how grateful he was for our appreciation of his efforts to advance the work of the Institute. Later the discussion became general and as a result several chapter problems we believe have been settled for good.

We hear some talk of organizing a class of Institute graduates, the class to be limited as to membership, for the purpose of discussing some of the higher phases of banking work. The class will en-

deavor to have Prof. George E. Barnett, of the Johns Hopkins University to conduct this course.

BOSTON.

By Chas. T. Conway.

IT seems to us that the theory of the Chaptergram Section is that methods and schemes for carrying on the Institute work adopted by one chapter may be brought to the attention of officers and members of other chapters throughout the country.

With this in mind we take pleasure in submitting the following program, of which we are justly proud:

Oct. 6. "Production and Consumption of Wealth," Prof. O. M. W. Sprague, Harvard Graduate School.

Oct. 13. "Exchange and Money," Prof. O. M. W. Sprague, Harvard Graduate School.

Oct. 20. "Bank Evolution," Prof. O. M. W. Sprague, Harvard Graduate School.

Nov. 3. "Bank Administration," F. B. Sears, Vice-President National Shawmut Bank.

Nov. 10. "Cash and Reserve," H. C. Robinson, Chief Trust Co. Division, Mass. Bank Commissioners Department.

Nov. 17. "Clearing Houses," C. A. Ruggles, Manager Boston Clearing House.

Nov. 24. "Bank Examinations," Henry D. Love, Harvey S. Chase & Co.

Dec. 8. "Money and Credit," Prof. O. M. W. Sprague, Harvard Graduate School.

Dec. 15. "Loans and Discounts," Alfred L. Ripley, President State National Bank.

Dec. 22. "Commercial Agencies," Thorpe Bradstreets.

Jan. 5. "Collections and Transits," O. Howard Wolfe, Secretary Clearing House Section, American Bankers Association.

Jan. 12. "Foreign Exchange," Prof. O. M. W. Sprague, Harvard Graduate School.

Jan. 19. "Foreign Exchange," Fred I. Kent, Vice-President Bankers Trust Co.

Jan. 26. "Investments," John Farwell Moors, Esq., Harvard Graduate School.

Feb. 2. "Trust Companies," Prof. O. M. W. Sprague, Harvard Graduate School.

Feb. 9. "Trust Companies," W. B. Donham, Vice-President Old Colony Trust Co.

Feb. 16. "Bank Organization," Alfred Ewer, National Bank Examiner.

Feb. 23. "Savings Banks," Geo. E. Brock, President Home Savings Bank.

March 8. "Movements of Money," (to be announced).

The average attendance at our first three lectures has been about 160 members. Printed reports of our lectures are being circulated to a large proportion of our membership and some of our banks have offered cash prizes to the men in their institutions who pass in the best examination papers at the end of the course.

We have held two monthly meetings at the Boston City Club Hall, attended by about two hundred on each occasion. At the first meeting we had the pleasure of hearing from Hon. John F. Fitzgerald, Mayor of Boston; Hugh Bancroft, Esq., Treasurer

of Boston News Bureau, and J. A. Broderick, Esq., of New York State Banking Department. Hon. John Hays Hammond gave us a very interesting talk on his South African Experiences at our second meeting. His stories and geniality won his way to the heart of every man present.

Our debating class under the leadership of Lloyd A. Frost is proving one of the most instructive and at the same time one of the most entertaining features of the chapter. There have been two meetings of the class held, with an attendance of about thirty at each.

Membership of 304 at the opening of the season has now increased to 504.—That's progress.

BUFFALO.

By James Rattray.

FROM north, south, east and west, they have foregathered and parted, those chapter delegates of 1911, and another convention of the American Institute of Banking has passed into history.

Many old friendships have been renewed, and new ones formed, and now those representatives have returned to their various chapters, with a realization of how extensive the ramifications of Institute education are, that should reawaken the ambitions, and stimulate the desire to emulate those who have learned the power of knowledge.

If it were feasible for all members to attend those conventions, the apathy that is liable to creep into chapter work would probably soon be as extinct as the Dodo, but, since that cannot be, those who have been thus privileged, should generously utilize their experiences to incite others to greater efforts.

The interchange of ideas cannot fail in being reciprocally beneficial, and our delegates have returned not only impressed with the magnitude of the great educational work that the American Institute of Banking is carrying on, but imbued with new thoughts that should find expression in fresh plans for increasing the efficiency of our chapter.

Through having made a late start, our study class was unable to finish the course in "Banking and Finance" last winter, but to atone for our tardiness then, we recommenced work last month, and several of us hope to take the examination in the course of a few weeks.

We have also inaugurated a class for the study of "Commercial and Banking Law," and through the courtesy of the officers of the German-American Bank, we have arranged to meet there every Tuesday evening at eight o'clock.

We have been fortunate in securing the services of J. L. Kenefick, an honor graduate of the Buffalo Law School, to conduct our class, and with such an instructor, and such a course of lectures as that prepared by the American Institute of Banking we look to the future with pleasureable anticipation.

At our last general meeting an election of officers and executive committee was held, with the following result: President, Geo. B. McPhail, Fidelity Trust Co.; Vice-President, Edw. J. Zittel, Marine National Bank; Secretary, James Rattray, Bank of Buffalo; Treasurer, Victor L. Reisch, German-American Bank. Executive Committee: August J. Duerr, Bank

of Buffalo; M. J. Kinney, Marine National Bank; Ira A. Peterson, Fidelity Trust Co.

CHATTANOOGA.

By T. R. Durham.

FRIDAY night, September 22d, marked the first meeting of the year for the local chapter. About seventy-five men sat down to a good supper at the Hotel Patten, after which they listened to a splendid address from T. R. Preston, President of the Hamilton National Bank. Mr. Preston urged the young men to take an interest in the affairs of the day, particularly the new legislation that is proposed for the currency situation and the question of the back tax law, which is of local interest. After Mr. Preston the delegates who attended the convention were called upon for a few remarks as to their impressions of that great meeting. The Y. M. C. A. Quartette was with us as usual, and also as usual rendered some good numbers.

This year promises to be a record breaker in the educational line, as a large class has signed up for the course, which will be delivered by D. L. Grayson, one of our brilliant attorneys, for many years the local referee in bankruptcy. A number of new men have come into the chapter and many of the delinquents have made application for reinstatement.

W. R. Snyder, who was our representative at Nashville on the occasion of the Tennessee Bankers Association meeting, reports that they have adopted a resolution permitting the chapters of the State to become members of the State Association. Chattanooga will of course become a member of that body.

Those who attended the convention at Seattle no doubt remember L. G. Browne (he with the silver tongue and black mustache), who made the speech that landed the convention for Chattanooga and acquired the appellation of "Henry Clay" Browne. Browne has given up his position with the Hamilton National Bank and has organized a new banking institution of which he is to be the cashier and active officer in charge. He has the good will of the banking fraternity here and it is believed his venture will be a success.

CINCINNATI.

By A. DeWitt Shockley.

CINCINNATI CHAPTER held its first meeting of this year on Thursday, October 5, at the Masonic Temple, with a large number of members and friends present. Our delegates to the recent convention at Rochester were all on hand and full of enthusiasm brought from the convention. President Brewster opened the meeting with general remarks about the convention and spoke at some length on the great benefits derived from attending one of the Institute conventions. Henry J. Mergler, Cincinnati's representative on the Executive Council, was the next speaker. Mr. Mergler gave us a very interesting account of what was expected of him as a member of the Executive Council and allowed us an insight into the political workings of the convention so far as he could without divulging state secrets. Our genial Jack Ridgway, another delegate, kept us highly entertained on what he and the other delegates had

done or had not done in social affairs since leaving town. Jack is always humorous and no more so than when telling tales of what his colleagues did and should not have done. For their benefit, we will go no further than to say that Mr. Ridgway's talk was highly interesting, to say the least. Mr. Lyons gave us a thorough report of James G. Cannon's address and showed by his instructive and intelligent remarks that he had been a delegate in deeds as well as words. Wm. Beiser then gave us his version of Mr. Vreeland's speech and also reported on the impromptu talks on the Central Bank and Reserve Association. Mr. Beiser, by the way, was one of these impromptu speakers and Cincinnati is proud of the good reports she hears regarding Mr. Beiser's first-class record in this connection. The reports of all delegates were both instructive and entertaining—we all feel imbued with the spirit of enthusiasm which they brought back with them from Rochester. Another one of Cincinnati Chapter's members has been the recipient of promotion honors. Mr. Chris Haehnle, of the Atlas National Bank, has been promoted to Assistant Cashiership in that organization. We wish him well in his new position.

Cincinnati Chapter at this time respectfully presents the name of Herman J. Guckenberger for membership in the Fellows Class. Mr. Guckenberger is an Institute graduate who has given the chapter his best efforts and service and is well deserving of any honor our chapter and the Institute in general can bestow upon him. As a past president of our organization and as instructor of our law classes, he has done the chapter unbounded good and we take pleasure in presenting his name for favorable consideration. We look forward this year to great things in an educational way. Our law classes will be under the able direction of Constant Southworth, one of the city's prominent attorneys, who is as well versed in that particular line as any man in the country. Chas. W. Dupuis, of the Western German Bank, will conduct the banking and finance class, while our rhetoric class will be taught by as good an instructor as we can procure.

Our Board of Governors have matters well in hand and promise one of the best years Cincinnati Chapter has ever had, in growth, in education, in social affairs and in real value to the young banking men of the city.

CLEVELAND.

By H. W. Dirksen.

CLEVELAND CHAPTER is as proud as a peacock on account of its having their own club rooms, which were opened with a meeting, one of the best in its history, October 10th. Several hundred of the boys were present, all enthusiastic over the "home" which we have looked forward to for several years. An excellent program with prominent speakers, among whom was the President of the Cleveland Chamber of Commerce, Chas. E. Adams, as well as a number of bank officers, musical selections and a Dutch Lunch occupied the evening until a late hour. That Cleveland Chapter has taken on new life is best evidenced by the fact that at its opening night, over fifty new applications were re-

ceived and with the Membership Committee optimistic that many more will be forthcoming within the next few weeks.

To make the chapter a success socially, we have installed billiard and pool tables, as well as a piano and a library containing the leading financial journals and magazines. The boys are taking advantage of these opportunities and frequently run in to have a few games during their lunch hour or in the evening. Already the effect of this is felt, and while this has filled a long felt want, yet the educational feature of the work has not been lost sight of. A class has been formed in banking law, which has enrolled about twenty-five per cent. of our entire membership, with the probability of more coming in. Nearly all the boys who took the banking course last year are now taking the law course, with many new recruits aspirants for the Institute Certificate.

On October 24, Cleveland was honored in having with them their friend, Educational Director Allen, who gave an interesting talk, reviewing the history of the Institute, as well as presenting the splendid future in store for it. He had the marked attention of all present and his remarks were thoroughly appreciated. With the standard study course, and the facilities now at their command, Cleveland Chapter looks forward to the best year in its history. Many of us attended the convention at Rochester and were much inspired by the excellent work done there.

DENVER.

By William O. Bird.

THE September meeting of Denver Chapter, the first meeting for the season, was a very successful one. The attendance was large and the boys seemed full of enthusiasm for the coming year's work. There were thirty new members voted in at this meeting, chiefly in response to a personal letter sent out by President Weston to every bank man in the city. The principal feature of this meeting was the address by Charles A. Bradley, former Cashier of Longmont National Bank. Mr. Bradley had but recently returned from a trip through Europe by automobile and gave a very interesting account of his journey. He is a pleasant and fluent speaker and the boys declared afterward that they could have enjoyed listening to him all night. Refreshments were served after the address and a popular vaudeville artist amused the company till time for adjournment.

Our Study Class in Banking and Finance, under the able leadership of Professor Duncan, of Denver University, held its first regular meeting in the Chapter Room on the evening of October 10. The capacity of the room was taxed to its utmost as there were about forty present and it is expected that the number will be close on to fifty in a very short time. The class is meeting regularly every Tuesday evening and its members are full of interest and enthusiasm.

The committee in charge of getting out the Chapter Year Book have finished their labors and the books are in the hands of the members. The committee is deserving of a great deal of commendation for the fine book they have gotten out without

cost to the members. A notable feature of this year's book is the cartoons portraying the various activities of the chapter during the year just past. The drawings were made by George E. Poulter, of the Colorado National Bank, and are receiving universal praise by all who have seen them.

We have had the pleasure of a flying visit from Mr. Baker, of Spokane Chapter, and of David Bjorkman, of Kansas City Chapter, during the past month. George Jackson, of Chicago Chapter, has spent a couple of weeks in Denver, since the convention, assisting the First National Bank of this city in rearranging its various systems. The First National has adopted the unit system for its tellers and is now running six cages, divided according to the alphabet, both paying and receiving. The other banks are watching the result of this new departure with interest.

At the October meeting we had the pleasure of hearing a very interesting and helpful address from B. F. Clark, Vice-President of the Colorado State and Savings Bank, of this city, upon the topic "Experiences of a Country Banker." Mr. Clark has had a long and varied experience in the banking business in Missouri, Kansas and Colorado. His words of good advice, addressed chiefly to the younger members, were listened to with profit by all.

The delegates to the Rochester convention made their report to the chapter. Their report was divided as follows: Entertainment features, P. A. Simpson; Politics, W. O. Bird; Convention Meetings, Geo. A. Brown; The Next Convention, R. J. Baker. The members listened with a great deal of interest to these reports and expressed their appreciation of the efforts of their delegation by passing a resolution placing these reports on file in the archives of the chapter.

The Central National Bank, of this city, has moved into its new quarters in their new building, where they are very comfortably situated. A notable feature of their banking room is the excellent light and ventilation. They are to be congratulated upon having such a fine place to carry on their business and the good wishes of the chapter go with them for their future success.

DULUTH.

By John L. Evans.

DULUTH CHAPTER opened the season at a meeting Tuesday evening, October 17. Our Law Class has begun another year's work. In our small chapter it was considered best to wait a year or so before repeating the A. I. B. courses, till enough new members have joined, and until the older ones have forgotten even what little they knew, so we will take a little Parliamentary Law, and some real estate law. We have A. G. McKnight to deliver about six lectures on parliamentary law. Probably future chapter meetings will be exciting affairs. Our former teacher, G. W. C. Ross, will teach us real estate law. We believe we have a very good cause. While not as good as the A. I. B. courses, it fills in a year to good advantage. About possibly thirty were present at the first meeting.

Educational work is at present most of our chapter activity, but as the season advances, the social side will also be prominent.

FT. SMITH.

By C. B. Herbert.

ON Thursday night, the 28th, our first open meeting of the fall term was held in the Commercial League Rooms. Some of the bank officials honored us with their presence, and quite a number of the boys were out. Ernest Peninger, our delegate to the Rochester Convention, gave his report, telling us about his trip, as well as about the many live subjects which were discussed. The Program Committee submitted a program for the fall term which promises to be very interesting. An open meeting will be held one night each month at which prominent speakers have promised to speak on appropriate subjects. In addition we expect to have debates, music and adding machine contests. Some of our boys are beginning to realize the importance of our educational work and are manifesting some interest in it.

GRAND RAPIDS.

OFFICIALS and employees of local banks met in the board of trade auditorium October 20, says the Grand Rapids Herald, and considered the organization of a local chapter of the Institute of Banking. Arthur T. Slaght, assistant cashier of the Grand Rapids National City Bank, who presided, introduced George E. Allen, of New York, educational director of the Institute, who explained its purposes.

It was decided to hold another meeting Friday evening of next week to definitely arrange for organization and to appoint an organization committee with each bank represented. Robert Y. Speir of the Old National Bank, was appointed chairman of the committee and empowered to appoint the committee members. Banks will be canvassed to secure the names of those desiring to become members.

HAVANA.

By W. H. Morales.

THE formal opening of Cuba Chapter of American Institute of Banking took place Wednesday at its headquarters in the National Bank Building under the presidency of Herman Olavarria, who has just returned from a visit to the annual convention held by the general organization at Rochester, N. Y.

Mr. Olavarria reported that the convention was one of the greatest ever held by the Institute, to which the Cuba Chapter sends a delegate each year. Of the 15,000 members composing the Association, there were over 400 delegates present, and the three days devoted to the convention were spent in lively and able debates on banking topics of the day, and a number of social functions.

Mr. Olavarria stated that while Cuba Chapter is now 100 strong, it should extend its membership as far as possible so that all the banking men of Havana may take a part in it. While the educational work involves certain duties, there are edu-

cational and social opportunities to be derived from it, besides attendance at the annual convention in the United States for those delegates who are elected for the purpose.

As a knowledge of both Spanish and English is necessary for class membership, two language classes have been formed to facilitate the study of banking topics during the winter.

The growth of Cuba Chapter from a nucleus of men on the staff of the National Bank of Cuba two years ago, who desired an organized education in banking is a favorable commentary on the progressive spirit of Havana's young men.

Following is a list of officers and members of the executive committee of Cuba Chapter: Herman Olavarria, President; W. H. Morales, Vice-President; Rodolfo Padro, Secretary; Guillermo Ruz, Treasurer.

Committeemen—Ramon Galceran, Francisco Alvarez, Raul Mora, Domingo Isasi.

KANSAS CITY.

By A. B. Eisenhower.

IN commencing the year's work, it has always been the custom of the Kansas City Chapter to give a dinner to the bank men of the city, in order to acquaint them with its plans for the coming year, to advertise its advantages, and to arouse enthusiasm among its members. In this respect, our annual banquet, which was held the evening of October 17th, was a most successful one. Our speakers were W. W. Bowman, Secretary of the Kansas Bankers Association; the Rev. Harry C. Rogers, Pastor Linwood Boulevard Presbyterian Church, and C. W. Alenderfer, Assistant Cashier First National Bank. G. G. Moore, Assistant Cashier New England National Bank, President of the Kansas City Chapter, presided as toastmaster.

LOUISVILLE.

By W. J. Abram, Jr.

THE local chapter opened the season on Thursday evening, October 10. Our President, J. H. Mer-shon, of the Union National Bank, delivered the address of welcome and outlined the plan for the year's work. Samuel Greene, who will have charge of the class in public speaking, explained the duties of the scholar and outlined his work for the coming year.

Clinton Davidson, our hustling secretary, told us all about the Rochester Convention, and his talk was so realistic that one had only to close his eyes and imagine he was in Rochester deriving the benefits of the convention and enjoying the social functions. Judging from Mr. Davidson's talk, the convention is well worth going miles to attend, and we are all anxious to be able to be present at the next one. Refreshments were next in order, and it is useless to say that this part of the program was enjoyed by everyone.

The meetings will take place every Thursday night, the classes in public speaking and practical banking taking alternate nights. We consider ourselves very fortunate in securing the services of Mr. Samuel Greene for our instructor in public speaking and we are all looking forward to many interesting

debates among ourselves and with other chapters.

The subjects to be covered in the practical banking course are as follows: City Collections and Clearing House, Individual Bookkeepers, Collection Clerk, Collections and Transits, Discount Clerk, Paying Teller, Receiving Teller, General Bookkeeper, Loan Clerk, Collateral Loans, Foreign Exchange, Trust Department, Auditor, Bank Examinations, Savings Department, Officers and Directors, and Investments. Already many of the presidents and cashiers of the local banks have been secured to deliver lectures on these subjects.

MILWAUKEE.

By Edward Schranz, Jr.

CHAPTER activity is vigorously under way, and an educational program of exceptional merit is the dominant factor of such activity.

Four courses of study are contemplated for the coming year—Accounting, Economics, Commercial Law, and Business English—and we are fortunate in the selection of instructors for the different courses. Prof. E. W. Spencer, of the College of Law, of Marquette University, will conduct the class in Commercial Law, while the other three courses will be under the direct supervision of instructors from the University of Wisconsin, this arrangement insuring the best instruction obtainable.

Two classes will be conducted weekly, and at this time Accounting and Economics are the subjects of study. Every Tuesday evening a class of approximately fifty members meets for the study of Accounting. The first hour is devoted to lecture, and the second to questions, general discussion and the working of practical problems based on the lecture of the evening. This course is proving very interesting, the members eagerly entering into the discussion of the questions which arise. "Economics" as taught by Prof. Hess is meeting with much favor, the lectures dealing with the principles of economics as applied to present conditions.

In connection with this course our friend of many years, Prof. W. A. Scott, will deliver a series of lectures on the "Banking Systems of the World."

That the interest in educational work last year was not transitory, not a temporary trial of something which had never been systematically tried in Milwaukee Chapter before, that this work was not a new fad to hold the attention of the chapter for a short time only, and then be succeeded by something "just as good," but a movement which in time will attract every bank man who has his future advancement at heart, who realizes that promotion can only come to those who are efficient, and that education is vitally essential to the acquirement of such efficiency, that such interest was real, permanent and sincere, the large enrollment in the different classes, and the increased interest in this work this year is proof positive. The policy of Milwaukee Chapter can be expressed briefly in three words: "Institute Certificate Attainment."

MINNEAPOLIS.

By Jos. J. Cameron.

WE have all heard the story about the delicate, meek looking little wife who, upon being asked her method of retaining her husband's affection so well, said, "I know only one way, and that is, feed the brute."

We are keenly alert to the touching appeal of her recipe for it does beat all how the boys will bust their suspender buttons getting to our meetings when somebody shouts "feed." However, our recent informal dinner with which we opened our season's work quickened chapter interest and helped to get before the members the outline of our winter's activities. Hon. Wm. H. Eustis, a leading figure in Western politics, delivered one of his characteristic speeches, helping us to get a little better grip on some of those things not concerned with our daily cycle of eating, working, sleeping and eating again.

Professor C. W. Thompson, of the University, in a scholarly address, urged Minneapolis bank clerks to take up the work offered by the University and his hearty offer of co-operation was appreciated by all.

Sam Martin in a monologue on "Women," was better than most of those we pay real money to hear.

Our class in Banking Practice, under Professor Ebersole, of the University, is a going concern and really helps us to justify our title, "Institute of Banking."

We hope soon to start a class in penmanship.

NASHVILLE.

By J. W. Miller.

NASHVILLE CHAPTER is a go this season for sure and we are pleased to submit the following: Our initial meeting under the Broderick administration was held on September 12, with about thirty men present who entered thoroughly into the spirit of our undertaking and with six committees appointed on Education, Publicity, Entertainment, Debates, Ways and Means, and Membership, our real work began.

The first business to come before the meeting was the offering of the following resolutions concerning Andrew Dorris, our newly elected secretary of the national organization, which, of course, were unanimously accepted. "Inasmuch as one of our members has been elected in the National Convention, Secretary of the American Institute of Banking, and inasmuch as we regard this voluntary recognition of his ability, as a distinct compliment, not only to him, but to this chapter and to Nashville, therefore, Be it resolved, that the chapter go on record in this tribute to his perseverance, energy and enthusiasm, and the pride we feel in the distinction justly given Andrew Dorris."

Our program this season will be handled by groups made from the roll and including the entire membership, which, by making the chairman of each of these groups responsible, insures diversified programs and offers to each member an opportunity to participate.

At our October meeting the committee on educa-

tion reported that there would be two classes operated this year, one taking up the law and the other a course in economics, both of these classes will be directed by very competent men who know the subject and will have a membership of about fifteen men each.

Our Articles of Association were amended so as to raise the dues of the chapter to three dollars a year.

"Relation between Producer and Consumer" was handled in an excellent manner by W. R. Anderson, of the Fourth National Bank; H. C. Power, of the Union Trust Co., had the subject "Proposed National Reserve Association and a Comparison of the same with the Various Foreign Banking Systems," which was decidedly interesting and much enjoyed. Andrew Dorris told us "How It Happened," and the manner in which Jno. J. Heflin handled "Articles of Association" made a fitting finish to an entirely satisfactory program.

NEW ORLEANS.

By John Dane.

THE past month has been an eventful one in the history of New Orleans Chapter, due to the fact that the New Orleans Clearing House has been so good as to appropriate the sum of six hundred dollars per year to pay for the rent of our chapter home. This is a great help in more ways than one, evidencing as it does that the Clearing House is heartily in accord with our aims and ideals, and that we have their financial as well as their moral support. This appropriation should be the means of increasing our ranks, and should instill greater enthusiasm in our present membership, and the men who have worked so hard to make New Orleans Chapter a success.

We have just signed a lease for a splendid home for our chapter, situated on the corner of Union and Carondelet Streets, in the heart of the business section, three squares from the main thoroughfare, and are now engaged in the pleasant task of moving and renovating.

Our delegates returned from Rochester imbued with Institute zeal, and with glowing accounts of the good times they have had. However, the stay-at-homes are now enjoying the convention themselves through the medium of the October issue of the Bulletin in which the proceedings are published.

OAKLAND.

By George W. Ludlow.

THE Oakland Clearing House Association, realizing the value of the American Institute of Banking, have elegantly fitted up and donated to Oakland Chapter, one-half of the third floor of the Perry Building, which is a recently completed seven-story structure of fireproof construction, in the heart of the business district. The Clearing House occupies the remainder of the floor. To this association, Oakland Chapter will ever be grateful.

Oakland Chapter has been delayed a month in the commencement of its new fiscal year, the activities planned for the remaining eleven months will more than make up for the lost thirty days.

On September 29th the delayed annual meeting

took the form of a house-warming, in our beautiful new quarters. After the installation of officers the Hon. Frank K. Mott, Mayor of Oakland, spoke on the "Relation of the Banks to the City Administration." Following the Mayor, A. A. Dennison, Secretary of the Oakland Chamber of Commerce, gave a very interesting talk on "Oakland." A. E. Caldwell and F. M. Cerini, the delegates but that day returned from Rochester, were present and Mr. Cerini gave an interesting description of the trip and the work of the convention. Solos by members of the chapter were interspersed between the talks. Havana and liquid refreshments were served.

On October 19th the Hon. Joseph R. Knowland, Congressman from this district, gave an illustrated lecture on "Panama and the Canal" which was very interesting and instructive. At this meeting also, it was necessary to hang out the "Standing Room Only" sign.

Following are the newly elected officers: President, Golden L. Downing, Deputy Receiver California Bank; Vice-President, Lester H. Heacock, Security Bank and Trust Company; Secretary, George W. Ludlow, The Oakland Bank of Savings; Treasurer, J. Ernest Smith, Union Savings Bank; J. J. Flynn, of the Central National Bank, and Robert D. Corlett, of the First National Bank of Berkeley, will serve two-year terms on the Board of Governors, and Theo. Jenkins, of the Union Savings Bank is to be a Board member for one year.

PHILADELPHIA.

By Carl W. Fenninger.

THE first regular meeting of the year, held on September 22, 1911, was a most enjoyable one.

A large and enthusiastic attendance made the meeting a success from both the social and business standpoints. The reports of the delegates to the Rochester Convention were received with much interest, particularly the ones relating to cost accounting and education. The work for the year was outlined also. Our efforts are to be directed particularly to an increased membership, such as will carry the work of the chapter more actively into every financial institution in the city and vicinity; and to the class in Commercial and Banking Law. This class is fortunate in again having Franklin Spencer Edmonds, Esq., one of Philadelphia's most able lawyers, to act as the leader.

We have already experienced keen pleasure in listening to two notable addresses. On October 6th, Henry R. Robins, Assistant Title Officer of the Land Title and Trust Co., spoke upon "Conveyancing." Mr. Robins's long experience in this work and the clearness with which he treated the subject, made the talk unusually instructive.

This speaker was followed by C. Stuart Patterson, President of the Western Saving Fund Society, who spoke upon "The National Reserve Association as proposed by the National Monetary Commission, and Its Effect upon State Institutions." Mr. Patterson, as a member of the committee called together by Senator Aldrich to consider the plan, was intimately familiar with all phases of the plan, and after giving us a splendid outline answered a number of questions which the members asked him and dis-

cussed with them the points brought out. With lectures such as these two we have no doubt that the chapter will this year attract more men than ever.

We are pleased to be advised of the appointment of O. Howard Wolfe, of the Philadelphia National Bank, to the secretaryship of the Clearing House Section of the American Bankers Association.

PITTSBURGH.

By Albert T. Eyer.

THE opening meeting of Pittsburgh Chapter was held Tuesday evening, October 10th. There was an exceptionally large crowd present, many out-of-town members being attracted by the interesting program, which was as follows: President's Address, H. E. Hebrank; solo, Arthur W. Schreiber; Address, "The Banker and the Lawyer," Hon. James Francis Burke; solo, Wm. E. Morgan; address, "The Rochester Convention," J. Howard Arthur.

Mr. Hebrank's address was a short but very earnest appeal to make this the banner year in the chapter. He pointed out the many benefits to be derived from it and showed how it was constantly raising bankers and banking from the routine of their daily work.

Mr. Burke's address was typical of the man. It was clear-cut, incisive, and bristling with comparisons and contrasts of bankers and lawyers. He had a fund of good anecdotes, which he interspersed in his speech. He said, in part, "Bankers and lawyers remind us of each other by their contrasts. The poor banker makes trouble out of money and the good lawyer makes money out of trouble. One examines the notes of men; the other studies men of note. To the one the people entrust their secrets and their troubles; to the other their securities and their savings."

J. DeM. Werts, chairman of the Educational Committee, then outlined the educational features for the year. It is the intention to have a series of courses on "Banking in General." The first of these will be a course of ten lectures on "Negotiable Instruments," starting October 17th. Every feature of the law will be discussed and "quiz" classes will be held frequently.

Fred Lancaster, chairman of the Ways and Means Committee, said they expect this year to bring many prominent men to address the chapter. Then Howard Arthur, our former president, entertained us with a report of the trip to Rochester, after which the meeting adjourned.

PORTLAND, ME.

By Lynedon P. Noble.

AFTER a long vacation during the summer months, the members of Portland Chapter gathered together on their first meeting, Thursday, October 5, in a very cozy and conveniently located room in the Congress Square Hotel. While the number present was not as large as those interested had hoped, considering the size of our chapter, they made up in enthusiasm what they lacked in numbers.

After the routine business was transacted we listened to a very comprehensive report of the Ro-

chester Convention by our delegate, A. A. Montgomery. We shall be greatly benefited in our future work by the useful suggestions which he offered us as a result of his attending the convention.

This chapter had several preliminary meetings for organization, etc., in the spring, which were devoted wholly to the first paper "Wealth and Production," and I think those who attended those meetings regularly have a very good idea of this lesson through the kindness and instruction of Prof. Winslow, of the Portland High School, who was teacher in the Commercial Course last year.

During our vacation Professor Winslow was transferred elsewhere and we have been fortunate enough to secure the services of his successor, Professor Chapin, who met with us on our second meeting this fall, and very ably assisted us through the second paper, "Distribution and Consumption." We believe that Professor Chapin is going to be an able instructor and will assist us greatly to elucidate the lessons in the future.

This chapter is going to try to follow the suggestion of the Executive Council report in the October number in regard to lessons, and it is hoped by spring that the members will be well prepared on the papers in "Banking and Finance."

The Executive Committee of this chapter are thoroughly alive to their responsibilities and are in hopes to announce a very attractive program of lectures in the near future on subjects pertinent to our studies. Our President, Mr. Boyd, is untiring in his efforts for the success of this chapter, and we feel sure that he will be able to steer us through a successful term.

PORTLAND, ORE.

By A. R. Stringer, Jr.

PORTLAND CHAPTER opened the fourth year of its existence in a very satisfactory manner, its first regular meeting for September being a smoker and musical. Plans for the ensuing year were discussed, the course of study was announced and an instructor engaged. The first and second study classes were quite well attended and bid fair to become big meetings for the balance of the season. The monthly meeting for October was an enjoyable affair at which a well detailed account of the Rochester convention was given by our delegates. The members are quite enthusiastic in the A. I. B. work and the next convention will bear witness to a substantial increase in our enrollment.

PROVIDENCE.

By H. C. Owen.

SUMMER days have left us, and with them have gone the days of respite for members of Providence Chapter. Already the executive committee has met to approve the plans of the educational, and ways and means committees.

Chairman Meader, of the educational committee, plans to hold two meetings each month, beginning the first week in November, in the commodious rooms of the Rhode Island Hospital Trust Company. At these meetings a series of lectures on "Practical Banking and Finance," will be given, each lecture being conducted by a bank officer especially fitted to speak on his particular subject.

As Meader is strong on the study stuff, we anticipate a stiff course of lectures, and there should be some certificate holders in Providence next spring.

We are proud to advertise the fact that "Eddie Havens picked up a little easy money at Rochester by pointing out flaws in Senator Aldrich's currency plan, being awarded second prize for papers in opposition to the plan. "Eddie" and the Senator are a strong team, and both from a little State like Rhode Island.

The chapter boys have been quite enthusiastic about athletics during the summer. Our ball team, now known as the "Providence Chapter Athletics," twice administered defeat to the Fall River Bank "Giants," by the scores of 12-0 and 7-4. The first game was a walk-over, and "Christy" Herrmann, of the Phenix National, our slab artist, had the Fall River boys breaking their backs trying to connect with his famous "fade-away." The insurance men proved somewhat more formidable, although they were defeated 9 to 8. We understand they are taking out policies to protect themselves against base stealing.

The annual tennis tournament started on Columbus Day, October 12th, at the Metacomet Golf Club. There were twenty entries, of whom there still remain only the two who play in the final round, and the two in the finals of the consolations. The former are Winsor, of the Atlantic National, and Pooler, of the Merchants National. Carr, of the Industrial Trust, will meet Mullen, of the Atlantic National, in the consolations, and suitable trophies will be awarded the winner of each event.

Our bowling league starts the first week in November with six teams in the race. All the games will be rolled on Wednesday afternoons at the same hour, so as to emphasize the sociability feature as much as possible. Individual and team prizes, for high scores and averages, will be awarded at the end of the season, which lasts fifteen weeks.

Everything considered, we hope for a busy, profitable, and successful season in Providence.

ROCHESTER.

By C. F. Rothmeyer.

WHILE the Convention of 1911 to which we had for so long looked forward with such happy anticipation is past, the pleasant associations of those three days with the many acquaintances made and real friendships formed with our friends from the other chapters will always linger in our memory. Our only regret is that the delegates could not stay with us longer and enjoy the natural beauties of our city, but we realize that many of them had to return to their duties the following week, while those coming from the Western cities took advantage of their trip to Rochester by visiting Boston and New York, and others taking the boat ride over Lake Ontario and down the beautiful St. Lawrence to the Canadian cities.

It is gratifying to receive so many letters from the various chapters expressing their appreciation of the good time their delegates had while with us. While we hope to have many of the delegates come to our city again, we also extend an invitation to all those chapter members who were unable to attend

the convention to visit the Rochester Chapter where they will always find a most cordial welcome awaiting them. The National Committee were very fortunate in securing for speakers at the convention such men as Congressman Vreeland, Comptroller Murray and James G. Cannon.

It should be a source of encouragement to every Institute man to know that such men as these who stand highest in the banking world take so much interest in the American Institute of Banking. We may point with pride to the fact that we have their support in our work. Although not all Institute men could hear them at the convention we trust that no one has failed to read the address of each in the October Bulletin.

SAN FRANCISCO.

By Wm. A. Marcus.

THE calendar events of the San Francisco Chapter for September and October have been numerous. Briefly stated they were: September 8, 15, 22 and 29; Fridays at 5.15 p. m. lectures by Mr. Robert W. Harrison on "Contracts" before a well attended class in law.

September 12, Tuesday Evening.—An exceptionally interesting address by Professor A. C. Whitaker, of Leland Stanford Jr., University. Subject: "The Supreme Court's Construction of the Federal Anti-Trust Statute."

September 17, Sunday.—A ten-mile walk to Little Carson.

September 19, Tuesday Evening.—"The Italian Night" Smoker drew a big crowd. There were plenty of songs, stories, smokes and eats, and every one had a good time.

September 28, Thursday Night.—A talk by W. W. Cooley, of Burroughs Adding Machine Co., on "Numerical Transit Systems," and a paper by W. T. Hovey, of the First National Bank, on "Credit Science."

October 6, 13, 20 and 27; Fridays, at 5.15 p. m.—Continuation of lectures on "Contracts" before the law class.

October 26, Thursday Evening.—James K. Lynch, Vice-President of the First National Bank, spoke on "The Business of Banking," and Russell Lowery, Assistant Cashier of the American National Bank, spoke on "Co-operation among Banks."

SEATTLE.

By Ross MacDonald.

IN a country like the Pacific Coast, where summer has a disconcerting habit of hanging on until late into the fall, vacations and "the cottage colony" naturally combine to make it difficult for the Coast chapters to get that September flying start in vogue among the Eastern chapters. That is why it was the apparently late date of October 17th which was selected for the first meeting of Seattle chapter. If, however, anyone had entertained thoughts that interest in chapter work had languished during the recess, their doubts were soon dispelled by a glance into Elks Hall which was filled to nearly overflowing with a crowd of happy and enthusiastic bank men of

all descriptions ranging from presidents to messengers.

It was soon discovered also that if the chapter at large had been resting its officers and Board of Governors had not. The officers occupied their newly acquired positions with grace and dignity, and the President's opening address wherein the plans for the forthcoming year were announced was received with much enthusiasm. Mr. Norris also made briefly a report of the Rochester convention, where he served as delegate for the Seattle Chapter. Plans disclosed, while seemingly very ambitious, indicate that Seattle Chapter will have the busiest and best year in its history. Financially the chapter is in a very prosperous state, and from that standpoint can carry out its plans.

Through nobody's fault in particular—or perhaps through everybody's—Seattle Chapter has never taken hold of the educational feature of the Institute work in any systematic manner, but after the missionary visit of the Institute's always welcome Educational Director early in the summer, it was promised that Seattle Chapter would soon be on the educational map—and it is. Instructors from the University of Washington have been secured and a class of fifty-four members will start at once on the regularly prescribed educational course of the Institute. Another chapter ambition, long cherished, seems to be in process of fulfillment. That is the chapter club room. With the splendid spirit of helpfulness toward Seattle Chapter always shown by the Seattle Clearing House and by Seattle bank officers in general, J. A. Swallow, Vice-President National Bank of Commerce; J. E. Chilberg, Vice-President Scandinavian-American Bank; J. W. Spangler, Vice-President Seattle National Bank, and J. C. Norman, Assistant Cashier Dexter Horton National Bank, all made eloquent addresses commending the educational program undertaken and promising the hearty support and co-operation of the Clearing House in all the chapter activities, including the chapter home.

An exceptional musical program for the evening had been prepared by the Entertainment Committee. Thomas Drew gave a series of very amusing song impersonations of different well known actors. Very artistic piano solos were rendered by Mrs. David White, while Mrs. Arthur Brush, soprano soloist of the Seattle Symphony Orchestra, quite sung her way into the hearts of her audience.

The president announced the following appointments as chairmen of the different committees: Ways and Means, Wm. E. Slater, Scandinavian-American Bank; Educational, Thomas A. Colter, Dexter-Horton National Bank; Press, Ross MacDonald, First National Bank, and Entertainment, Walter Heath, Bank of California.

During the recess just taken two men who have long been prominent members of Seattle Chapter have been removed from the active list by attaining to officerships. J. C. Norman, ever one of the most dependable members, has been promoted to an assistant cashiership in the Dexter-Horton National Bank. C. B. West resigned as note teller of the Seattle National Bank to become assistant cashier of the National City Bank. To both gentlemen all the members of this chapter wish long, prosperous, and growing careers in their new sphere of usefulness.

SPOKANE.

By W. N. Baker.

SPOKANE CHAPTER'S 1911-12 season was officially opened at a meeting held in the club rooms on the night of October 4. J. W. Bradley, B. A. Russell and W. N. Baker, delegates to Rochester, made their reports upon the various phases of the convention, not the least pleasing feature of which was the fact that Spokane Chapter was signally honored and recognized by the election of its President, Joseph W. Bradley, to the office of National Vice-President for the ensuing year. Members of Spokane Chapter know that Mr. Bradley is entirely worthy of the honor conferred upon him and take this occasion to express their appreciation of the recognition accorded both to Mr. Bradley and to the chapter, by the Rochester assembly.

Announcement was made that the two prizes offered by the Washington Bankers Association for essays on "A Central Bank as a Factor in a Financial Crisis," had both been awarded to members of Spokane Chapter. First Prize went to Fred P. Johnson, of the Scandinavian-American Bank and second prize to J. W. Bradley, of the Old National Bank. Both gentlemen received the hearty congratulations of the chapter.

Charles A. McLean, Cashier of the Traders National, and President of the Washington Bankers Association, commented very favorably on the fact that of the twelve essays submitted in this contest, Spokane Chapter had sent nine. Mr. McLean is one of the most enthusiastic supporters of the Institute movement among our local bank officers and expressed himself at this time, as being highly pleased with the progress being made by our chapter. Among other things, he stated that the State Association would have another prize essay contest this year, the subject to be announced later, and that he hoped to see a much larger percentage of our membership enter.

Professor Beddall, a member of the North Central High School faculty, who is to conduct the class in "Banking and Finance," was introduced and made a short talk about the work of the class, and the line of study about to be taken up. It was announced that the class would be organized on the evening of October 11th, in the chapter rooms. During the evening, the Lotus Trio and Mr. Walter Hook entertained the members with vocal selections, which were well received.

The class in banking and finance was organized the week following our first meeting with a membership of forty-six. Of this number twelve were new members, attracted to the chapter by the course of study offered to chapter members. The officers of the chapter and the Educational Committee are more than gratified at the enthusiasm shown at this first meeting of the class and cannot help but feel that its success is assured. In his first lecture, Professor Beddall showed himself to be a most capable instructor and made a decidedly favorable impression upon his hearers.

Spokane Chapter was complimented on the occasion of President Taft's recent visit to the city, in the appointment of J. W. Bradley to represent the A. I. B. on the reception committee. The reception

and entertainment of the country's highest official was in the hands of the Chamber of Commerce. E. T. Coman, President of the Exchange National, is president of the Chamber, and R. L. Rutter Secretary of the Spokane & Eastern, Chairman of the reception committee, and these gentlemen have the thanks of the chapter for their courtesy.

TOLEDO.

By Henry A. Niehaus.

THE Toledo Chapter of the American Institute of Banking, organized last May, held its first meeting Monday night, October 23, at the Commerce Club, more than 100 bank clerks were present, also representatives from Wauseon, Swanton, Sylvania and Maumee.

Geo. E. Allen, the National Director of Education of the Institute, delivered an address, explaining the work and aims of the Institute; he also informed the boys not to be discouraged if the attendance at study meeting dwindled down to 30 or 40, for when it came down to real hard study some of the society buds' time would be taken up with other pleasures.

It was decided to hold bi-monthly meetings at which the study of economics and business law, as outlined by the Institute course, will be followed out.

Prof. J. A. Polloch, of the Central High School, will direct the work in economics.

Short commendatory talks were given by several bank officials, they also offered their services if they would be of any service to the organization. After the meeting a smoker was held.

S. L. McNary, of the First National Bank, is President; Henry A. Niehaus, of the Second National Bank, Vice-President; Harry Gail, of the Home Savings Bank, Secretary; Carl Brown, of the First National Bank, Assistant Secretary; J. Landgraft, of the Ohio Savings Bank & Trust Co., Treasurer.

WASHINGTON.

By Harry V. Haynes.

THE renewal of chapter friendships in an atmosphere of hearty good fellowship marked the opening of Washington Chapter on the 12th of October.

Joshua Evans, Jr., who was chosen at the last annual election to preside over the destinies of the chapter during the ensuing year, greeted one of the best attended gatherings the chapter has ever had on opening night. The long established custom was followed of having the delegates to the convention make reports to the chapter in a more or less humorous vein, and these talks are always listened to with much interest, and, at times, considerable amusement. Much praise was bestowed upon our good friends of the Philadelphia Chapter, who entertained, on the day preceding the convention, the members of other chapters who passed through Philadelphia on the way to Rochester. From the statements made they were especially hospitable to the Washington boys.

Dr. C. W. A. Veditz, of George Washington University, who was in charge of the educational course last year, was invited to talk on "Foreign Color" in view of the fact that he had just returned from abroad after an absence of several months. He delivered a brief but stirring address on the advantages of education, and the "Foreign Color" was conspicuous by its absence.

Carroll Pierce, Chairman of the Executive Council, spoke of the work the Institute was doing and what it would like to accomplish next year. He dwelt upon the advantages to be derived from taking the course, the satisfaction to be attained in becoming a certificate holder and expressed a desire to see twenty-five men from Washington Chapter qualify for the certificate next year.

Mr. Evans has chosen as his educational chairman W. W. Spald, one of last year's graduates, who, while only a recent acquisition to the chapter, is a "live wire" in every sense of the term. He has already mapped out his work for the year and his program promises many notable speakers.

The first educational meeting was held on the 19th of October, at which Dr. Veditz lectured on the "Production of Wealth." Upon invitation of Chairman Spald, sixty-five men came forward and were enrolled in the class. This number will be considerably augmented within a week or two. The chapter course last year produced twelve certificate holders and as many received credit for a successful examination in Banking and Finance. It is hoped that this year the number of certificate holders will be increased to fifty.

The membership committee under the leadership of A. M. Nevius is doing splendid work and new members are coming in with such rapidity that Secretary Grayson spends considerable time amending his records.

It may be of interest to readers of other chapters to know that the baseball championship of the District of Columbia was won by the team of the American Security and Trust Company, the members of which are mostly Washington Chapter men. This success was achieved only after defeating the champions in nine leagues. This ball team is also a minstrel troupe and gives a most creditable performance. H. S. Reeside, Vice-President of the American Security and Trust Company, is one of the boys whenever they engage in an undertaking, and they pull together to the finish.

NEW YORK.

By Wm. H. Kniffin, Jr.

IT is only four months from June until September, but four months is a long time when you are dead, and also a long time when you are living strenuously; and New York Chapter has lived a strenuous life all summer. These four months have worked a revolution, or better, witnessed the culmination of the evolution of New York Chapter.

In June, we did the dreaming; in July, the planning; in August, the working; while in September, we planned and worked and worried and had the nightmare to boot. But through the planning and working and worrying, not a thing which we con-

templated in June was missing when we opened our doors on schedule time on the eventful Twenty-eighth of September.

This was our dream—a Chapter Home furnished complete, and garnished—ready to look at if not to use when we opened our doors and invited the bank men of New York to sit with us five nights a week all winter. The hugeness of this program can easily be seen from a reproduction of our large poster on another page.

To be sure, the last seat was barely in place at six o'clock and a load of furniture at our doors at seven, and the light man still making his connection at seven-thirty, while the big schedule of lectures that had cost so many men so much anxious thought all summer was hardly off the press when our doors were opened; but open we did at the promised time, to a record-breaking crowd.

Was there ever a happier crowd, or more glad hands, or a deeper sense of satisfaction, or more hope-

ful ambition, or more grateful recognition, than filled the air on our opening night? Six hundred of the coming bankers of New York (so Mr. Cannon says, and he ought to know) packed the big Packard auditorium to overflowing. They had looked over our summer's work as it was manifest downstairs and pronounced it good, and came upstairs to vent their enthusiasm with the crowd.

And was there ever a more demonstrative crowd, and generous withal? Was there a wee bit of jealousy for the men who were honored? If so, it was not apparent; for as the forty graduates, from the bald head and gray, of fifty, to the boy of twenty-three, stepped forward to receive the coveted sheepskin, applause filled the air for every man, and your Secretary hopes that the inspiration of that night will spur many a man on to a quiet resolve that he, too, will get his in due course; for if the man of fifty thinks the certificate worth having and will pay its toll in labor, and the boy of twenty-three, who

SCHEDULE OF LECTURES, NEW YORK CHAPTER, AMERICAN INSTITUTE OF BANKING.

SEASON OF 1911-12

All Meetings in New York Chapter Headquarters, Packard Commercial School, 35th St. @ Lexington Ave.

DUES, \$4 PER YEAR NO OTHER CHARGES

For further information address W. E. Sullivan, Jr., Secretary, 11 Bow Street, New York City.

[illegible]

will apply himself can win it, too, is there any excuse why any man in New York should not be labeled "a man who can?"

It is no secret. We knew we had a big man in Lersner when we elected him, even if he did carry a dictionary in his hat and use words whose meaning had long passed the memory of man. His work is proving the wisdom of our choice, and when he opened the meeting and made his opening bow as "the man of the gavel for 1911," we knew our work was safe. It was a long way—one hundred and twenty-five feet, some say—to "get his message over," but he got it as far as the partition, and there rumor has it, it stopped because it could not get through. Whether the opening was too small, or the message too large, is not stated in the press dispatches; but the whole tone of his message was this: **Make good!** and hearing this and heeding, you have heard enough. It is now to do.

Clark Williams, President of the Windsor Trust Company—a long-time friend of New York Chapter—outlined the value of the Institute Certificate, and in the name of the chapter, presented the forty immortal documents. Samuel S. Conover, President of the Fidelity Trust Company, and member of the Cannon Prize Committee, in a few apt remarks presented the winner of the Cannon Prize of 1911 with twenty-five dollars in gold in a de luxe edition of white kid and satin, to which "William Ashdown" responded with a few kind words and a smile. Through the courtesy of Mr. Cannon, the prize paper has been printed for general distribution and will be sent to anyone on request to the writer.

The address of the evening was made by Hon. Wm. C. Redfield, Congressman from Brooklyn, who outlined most acceptably the banking conditions and customs in the far East.

Minor, chief of the boy orators, as usual, could not keep still, and in his own delightful way reviewed the work which culminated in the meeting under review and brought to a close a chapter meeting of rare excellence.

The season opened officially on Monday, October 4, with the class in English and the program as outlined in the large poster has been fully carried out. The work thus far has been admirably handled. Each meeting has, it seems, been better than its predecessors, both in attendance and in interest, and the work grows apace.

We had hoped for two thousand members on the first of January—we shall have them by the first of November, for New York always plans better than it knows. Memberships are coming in ten a day; the work of the consuls and district consuls was never in better shape. The committees are now thoroughly organized, and every man is interested in doing his part to keep the machinery running smoothly and effectively, and it really is a great work we are doing.

The new quarters with their comfortable chairs and magazines are freely used as a lounging place for the men who have a few idle hours before meetings, and friendships are being formed which will be lasting. Without hesitation, New York can truly say there was never a work like this!

